

By Mr. TAYLOR of Tennessee: A bill (H. R. 5323) for the relief of J. F. Huddleston; to the Committee on Claims.

Also, a bill (H. R. 5324) for the relief of J. H. Ballinger; to the Committee on Claims.

By Mr. TREADWAY: A bill (H. R. 5325) authorizing the Secretary of War to donate to the town of Ashfield, State of Massachusetts, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. TYSON: A bill (H. R. 5326) to place William H. Armstrong on the retired list of the Army; to the Committee on Military Affairs.

By Mr. WALSH: A bill (H. R. 5327) granting a pension to Abby G. W. Ross; to the Committee on Pensions.

Also, a bill (H. R. 5328) granting an increase of pension to Thomas Kelley; to the Committee on Pensions.

Also, a bill (H. R. 5329) granting an increase of pension to Mary B. Howland; to the Committee on Pensions.

Also, a bill (H. R. 5330) granting an increase of pension to Carrie C. Washburn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5331) granting a pension to Annie Casey; to the Committee on Invalid Pensions.

By Mr. WEBSTER: A bill (H. R. 5332) for the relief of James Doherty; to the Committee on Claims.

By Mr. WINSLOW: A bill (H. R. 5333) granting an increase of pension to Antoine Tisdelle; to the Committee on Pensions.

By Mr. WOODYARD: A bill (H. R. 5334) granting a pension to Thomas J. Bailey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5335) granting a pension to Anna B. Mount; to the Committee on Pensions.

By Mr. YOUNG: A bill (H. R. 5336) for the relief of Clara D. Miller; to the Committee on Claims.

By Mr. MOORE of Illinois: A bill (H. R. 5337) authorizing the Secretary of War to donate to the town of Oakland, State of Illinois, one German cannon or fieldpiece; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

307. By Mr. GALLIVAN: Petition of John J. Keefe, of South Boston; James P. Holland and Charles A. Orcutt, of Boston, favoring a revision of the tax laws; to the Committee on Ways and Means.

308. Also, petition of the Macallen Co., of Boston, Mass., favoring a modification of the tariff on mica; to the Committee on Ways and Means.

309. By Mr. MORIN: Petition of South Hill High School, H. E. Winner, principal, Pittsburgh, Pa., urging immediate and favorable action on the Smith-Towner bill; to the Committee on Education.

310. By Mr. BIXLER: Petition of citizens of Franklin, Pa., protesting against the passage of the Fess-Capper bill; to the Committee on Education.

311. By Mr. ARENTZ: Petition of the Indians of the Paiute Tribe of the Walker River Reservation, Nev., urging relief from irrigation of certain lands in Nevada; to the Committee on Irrigation of Arid Lands.

312. By Mr. BIXLER: Petition of citizens of Greeneville, Pa., protesting against the passage of the Fess-Capper bill; to the Committee on Education.

313. By Mr. KING: Petition of A. R. Mathes and 80 other members of the Presbyterian Church of Knoxville, Ill., urging strict enforcement of the liquor laws; to the Committee on the Judiciary.

314. By Mr. LINEBERGER: Petition of a mass meeting of citizens of Los Angeles, Calif., relative to the practice of peonage in the Southern States; to the Committee on the Judiciary.

315. By Mr. BURTNESS: Petition of the Legislature of the State of North Dakota, urging the prosecution of the so-called St. Lawrence-Great Lakes tidewater project; to the Committee on Interstate and Foreign Commerce.

316. By Mr. CURRY: Petition of the Local Fruit Growers and Shippers' League, of Lodi, Calif., favoring the return to former reasonable freight rates; to the Committee on Interstate and Foreign Commerce.

317. By Mr. ARENTZ: Petition of the Annual Convention of the International Mining held at Portland, Oreg., urging the investigation of the Powder Trust, etc.; to the Committee on the Judiciary.

318. By Mr. RAMSEYER: Petition of the General Assembly of the Iowa Legislature, urging the passage of legislation for the improvement of the Great Lakes and St. Lawrence River, etc.; to the Committee on Interstate and Foreign Commerce.

319. By Mr. BIXLER: Petition of citizens of Sharon, Pa., protesting against the passage of the Capper-Fess bill; to the Committee on Education.

320. By Mr. SPEAKS: Papers to accompany House bill 5190, for the relief of Joseph Maier; to the Committee on Claims.

321. By Mr. FOCHT: Papers to accompany House bill 4012, granting a pension to Catharine Miller; to the Committee on Invalid Pensions.

322. Also, papers to accompany House bill 4011, granting a pension to Loretta Butkett; to the Committee on Invalid Pensions.

323. Also, papers to accompany House bill 4013, for the relief of Mrs. Susan Hixson; to the Committee on Invalid Pensions.

324. By Mr. BURROUGHS: Resolution of Mrs. Bessie J. Gray, counselor, Old Glory Council, No. 14, Sons and Daughters of Liberty, Center Barnstead, N. H., indorsing bill to restrict immigration; to the Committee on Immigration and Naturalization.

325. Also, resolution of city council, city of Rochester, N. H., protesting against the passage of the Smith-Towner bill; to the Committee on Education.

326. Also, resolution of Tahanto Division, No. 335, Brotherhood of Locomotive Engineers, Concord, N. H., protesting the passage of the sales tax proposition; to the Committee on Ways and Means.

327. By the SPEAKER (by request): Petition of National Baseball Federation, Cleveland, Ohio, favoring the removal of tax on recreational supplies and equipment; to the Committee on Ways and Means.

328. Also (by request), petition of Asphalt Workers' Local Union, No. 84, San Francisco, Calif., favoring amnesty for all political prisoners; to the Committee on the Judiciary.

329. Also (by request), petition of American Association for the Recognition of the Irish Republic, of Louisiana, with 1,170 signatures, favoring recognition of the Irish republic; to the Committee on Foreign Affairs.

330. By Mr. HADLEY: Petition of J. Steadman Post, No. 24, Grand Army of the Republic, Bellingham, Wash., favoring an increase of pension to all Civil War veterans; to the Committee on Invalid Pensions.

331. By Mr. SINCLAIR: Telegram from Northwestern Division of North Dakota Educational Association assembled in convention at Minot, N. Dak., favoring passage of Smith-Towner bill; to the Committee on Education.

332. By Mr. J. M. NELSON: Petition of sundry citizens of the town of Cobb, Wis., protesting against the Federal aid for highways; to the Committee on Roads.

333. By Mr. KISSEL: Petition of American Association of Engineers (Inc.), New York, urging Federal aid for roads; to the Committee on Roads.

#### SENATE.

WEDNESDAY, April 27, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we thank Thee that our times are in Thy hand, and we are sure of their disposition to the glory of Thy name and our highest good. Grant us Thy blessing this morning, and through all the deliberations may Thy wisdom be imparted. Bless our land and its interests, the President, and all for whom we should pray at this time. We ask in Jesus' name. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Monday, April 25, 1921, when, on request of Mr. LODGE and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### PETITIONS AND MEMORIALS.

Mr. NORRIS presented resolutions of the Legislature of Nebraska, which were referred to the Committee on Commerce, as follows:

STATE OF NEBRASKA.  
Secretary of State.

I, Darius M. Amsberry, secretary of state of the State of Nebraska, do hereby certify that the attached is a true, full, and correct copy of senate file No. 23, passed by both houses of the fortieth session of the Nebraska Legislature and approved by Gov. Samuel R. McKelvie, April 14, 1921, at 4 o'clock p. m.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Nebraska. Done at Lincoln this 16th day of April in the year of our Lord 1921 and of the independence of the United States the one hundred and forty-fifth and of this State the fifty-fifth.

[SEAL.]

DARIUS M. AMSBERRY,  
Secretary of State.

Senate file 23.

A bill for a joint and concurrent resolution memorializing the Congress of the United States and the United States Senators and Representatives from Nebraska relating to the development of a waterways system from the Great Lakes to the Atlantic Ocean.

Whereas cheaper transportation facilities for the marketing of grain from the great corn belt is of vital importance and means much financial saving to the grain producers of Nebraska; and

Whereas the Dominion of Canada has already undertaken the opening of the St. Lawrence waterway and the improvement of the Welland Canal; and

Whereas a development of an internal waterways system that would enable ocean carriers to reach the western ports of the Great Lakes would produce an estimated saving of \$10,000,000 per year on shipments of wheat and corn alone from the State of Nebraska: Therefore be it

*Resolved by the Senate of the State of Nebraska (the House concurring), That we give substantial support to the movement for the development of the Great Lakes-St. Lawrence tidewater project; be it further*

*Resolved, That the Congress of the United States is hereby memorialized and the United States Senators and Representatives from Nebraska are hereby requested to urge legislation in the United States Congress touching the speedy development of said project; be it finally*

*Resolved, That certified copies of this resolution be sent by the secretary of state to the President, the presiding officers of both branches of Congress, and each of the United States Senators and Representatives from Nebraska.*

PELHAM A. BARROWS,  
President of the Senate.  
CLYDE H. BARNARD,  
Secretary of the Senate.  
WALTER L. ANDERSON,  
Speaker of the House.  
F. P. CORRICK,  
Chief Clerk of the House.

Approved:  
April 14, 1921, 4 o'clock p. m.

SAMUEL R. MCKELVIE,  
Governor.

This is to certify that the within senate file No. 23 originated in the senate and passed the legislature at its fortieth session on the 11th day of April, 1921.

CLYDE H. BARNARD,  
Secretary of the Senate.

Mr. WILLIS presented a resolution of the Ohio-West Virginia Group Council, Service Star Legion, favoring the enactment of legislation to consolidate the Bureau of War Risk Insurance, United States Public Health Service, and Rehabilitation Division of the Federal Board for Vocational Education; making an appropriation for more adequate hospitalization; to decentralize the Bureau of War Risk Insurance by the establishment of 14 regional offices; granting vocational training to disabled ex-service men having a disability of 10 per cent or more, and vocational training for war widows and orphans; and granting disabled emergency officers of the World War the same privilege of retirement on three-fourths pay as officers of the Regular Army, which was referred to the Committee on Finance.

Mr. WARREN presented a resolution adopted by the Wyoming Stock Growers' Association in its annual convention held at Lusk, Wyo., April 14 and 15, 1921, favoring the enactment of tariff legislation for the protection of the live-stock and other agricultural industries, which was referred to the Committee on Finance.

He also presented a resolution of the Wyoming Stock Growers' Association protesting against excessive and unreasonable freight rates now imposed by the railroads on live-stock and agricultural products in the State of Wyoming, and favoring an immediate reduction in transportation charges to a prewar basis, etc., which was referred to the Committee on Interstate Commerce.

Mr. CAPPER presented memorials of Division No. 165, Order of Railway Conductors, of Fort Scott, and Local No. 669, Brotherhood of Locomotive Firemen and Enginemen, of Kansas City, both in the State of Kansas, remonstrating against the enactment of legislation repealing the excess profits tax law and substituting therefor a sales or turnover tax, which were referred to the Committee on Finance.

He also presented a resolution of the American National Live Stock Association, of El Paso, Tex., favoring the passage of the truth in fabric bill, which was referred to the Committee on Interstate Commerce.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 1248) for the relief of D. Beatrice Arline; to the Committee on Claims.

A bill (S. 1249) to repeal section 15a of the interstate commerce act of February 4, 1887, as amended by section 422 of an act approved February 28, 1920; to the Committee on Interstate Commerce.

By Mr. KENDRICK:

A bill (S. 1250) for the relief of purchasers of Indian lands and water rights on the diminished or ceded Shoshone or Wind River Reservation, Wyo., and for other purposes; to the Committee on Indian Affairs.

A bill (S. 1251) providing for investigations for irrigation works in Green River, Wyo.; to the Committee on Irrigation and Reclamation.

By Mr. STERLING:

A bill (S. 1252) to create a department of education, to authorize appropriations for the conduct of said department, to authorize the appropriation of money to encourage the States in the promotion and support of education, and for other purposes; to the Committee on Education and Labor.

A bill (S. 1253) creating an immigration board and prescribing the powers and duties thereof, and amending the act of February 5, 1917, entitled "An act regulating immigration of aliens to and residence of aliens in the United States," and amending also the act of June 29, 1906, entitled "An act to provide for a uniform rule for the naturalization of aliens throughout the United States and establishing the Bureau of Naturalization," and acts amendatory thereof, and for other purposes; to the Committee on Immigration.

By Mr. TOWNSEND:

A bill (S. 1254) providing for the appointment of an additional district judge in and for the eastern district of Michigan; to the Committee on the Judiciary.

By Mr. CAPPER:

A bill (S. 1255) granting to Henry Cronin a commission as first lieutenant in the Army; and

A bill (S. 1256) donating 155-millimeter howitzer gun No. 2997 to the city of Pittsburg, Kans.; to the Committee on Military Affairs.

A bill (S. 1257) to amend an act entitled "An act granting to the State of Kansas the abandoned Fort Hays Military Reservation, in said State, for the purpose of establishing an experiment station of the Kansas State Agricultural College and a western branch of the State Normal School thereon, and for a public park," approved March 28, 1900, as amended; to the Committee on Agriculture and Forestry.

A bill (S. 1258) for the relief of Samuel M. Robinson; to the Committee on Claims.

A bill (S. 1259) granting a pension to Medora B. Ambrose (with accompanying papers); to the Committee on Pensions.

By Mr. KEYES:

A bill (S. 1260) authorizing the Secretary of War to donate to the town of Peterboro, N. H., one German cannon or fieldpiece; and

A bill (S. 1261) authorizing the Secretary of War to donate to the town of Milford, N. H., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. WARREN:

A bill (S. 1262) granting to the State of Wyoming 2,000,000 acres of public land to aid in the maintenance of a system of public roads; to the Committee on Public Lands and Surveys.

By Mr. KENYON:

A bill (S. 1263) granting a pension to Millie S. Jones; and

A bill (S. 1264) granting a pension to Ezra Edwards; to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 1266) to exempt from cancellation certain desert-land entries in Riverside County, Calif.; to the Committee on Public Lands and Surveys.

By Mr. ELKINS:

A bill (S. 1267) for the relief of Emma J. McKusick; to the Committee on Claims.

By Mr. BURSUM:

A bill (S. 1268) authorizing the President to appoint Capt. Robert C. Gregory a captain of Infantry in the United States Army and place him upon the retired list of the Army;

A bill (S. 1269) authorizing the Secretary of War to award the congressional medal of honor to Second Lieut. Etienne de P. Bujac; and

A bill (S. 1270) to award the distinguished service medal, posthumously, to the late Lieut. Col. Charles M. de Bremond, Field Artillery; to the Committee on Military Affairs.

A bill (S. 1271) granting a pension to Fred Fornoff; and

A bill (S. 1272) granting a pension to Mattie E. Grimes; to the Committee on Pensions.

By Mr. ASHURST:

A bill (S. 1273) for the relief of settlers and entrymen on Baca Float No. 3, in the State of Arizona; and



A bill (S. 1274) to appropriate \$200,000 for the survey of public lands in Arizona; to the Committee on Public Lands and Surveys.

By Mr. CALDER:

A bill (S. 1275) authorizing an appropriation for the World's Poultry Congress; to the Committee on Agriculture and Forestry.

By Mr. BALL:

A bill (S. 1276) to authorize the Commissioners of the District of Columbia to close streets, roads, or highways in the District of Columbia rendered useless or unnecessary by reason of the opening, extension, widening, or straightening of other streets, roads, or highways, and for other purposes; to the Committee on the District of Columbia.

By Mr. McLEAN:

A bill (S. 1277) authorizing the Secretary of War to donate to the town of Wolcott, Conn., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. McCUMBER:

A bill (S. 1278) granting an increase of pension to Grace S. Zane; to the Committee on Pensions.

A bill (S. 1279) for the relief of the Snare & Triest Co.;

A bill (S. 1280) for the relief of Eli N. Sonnenstrahl;

A bill (S. 1281) for the relief of Capt. Edward T. Hartmann, United States Army, and others;

A bill (S. 1282) for the relief of the estate of John Stewart, deceased;

A bill (S. 1283) for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis, Iron Mountain & Southern Railway Co.;

A bill (S. 1284) for the relief of the Standard American Dredging Co.; and

A bill (S. 1285) for the relief of the North American Dredging Co.; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 1286) for the relief of Capt. Page Van R. Stires; to the Committee on Claims.

A bill (S. 1287) directing the remission of customs duties on certain War Department property (with accompanying papers); to the Committee on Finance.

A bill (S. 1288) to provide for the appointment of one additional judge of the district court of the United States for the southern district of New York; to the Committee on the Judiciary.

A bill (S. 1289) for the relief of Oliver A. Campbell; and

A bill (S. 1290) to regulate the marriage of persons in the military and naval forces of the United States in foreign countries, and for other purposes; to the Committee on Military Affairs.

A joint resolution (S. J. Res. 40) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

A joint resolution (S. J. Res. 41) authorizing transportation for dependents of Army field clerks and field clerks, Quartermaster Corps; to the Committee on Military Affairs.

#### RURAL CREDIT SOCIETIES.

Mr. KENYON. I introduce a bill to create rural credit societies, and for other purposes.

I should like to suggest that at the last session of Congress a similar bill was referred to the Committee on Agriculture and Forestry. There might be some legitimate question whether it should go to the Committee on Banking and Currency. The chairman of that committee is not here. However, I should like to have the bill referred to the Committee on Agriculture and Forestry.

Mr. FLETCHER. I suggest to the Senator that the Committee on Banking and Currency has several matters pending before it appertaining to rural credits. This may be of a somewhat different nature, but that committee has usually handled this character of legislation.

Mr. KENYON. That is correct, but I have felt that as to this bill there should be joint hearings by the Committee on Agriculture and Forestry and the Committee on Banking and Currency. I think the Committee on Agriculture and Forestry may have a more sympathetic interest in a system of rural credits than possibly the Committee on Banking and Currency; but I do not think the Committee on Agriculture and Forestry ought to go ahead without conference and joint action with the Committee on Banking and Currency. The question is so important, as the Senator from Florida, of course, realizes, because he has been advocating a rural credit system, that some action ought to be taken, and I think more prompt action will be taken by the Committee on Agriculture and Forestry acting jointly with the Committee on Banking and Currency.

Mr. FLETCHER. If that could be arranged, I think it would be a good course to pursue.

Mr. KENYON. If the chairman of the Committee on Banking and Currency has any serious objection to this reference, I shall take it up with him, but I do feel that there should be joint consultation and consideration.

Mr. FLETCHER. He is absent just now; but I know there are some matters pending before the Committee on Banking and Currency bearing on the subject.

Mr. KENYON. I know that is true.

Mr. FLETCHER. If there could be joint committee hearings and a consideration of the measure in that way I believe it would be advisable.

Mr. KENYON. That is exactly the object I have in asking that the bill may be referred to the Committee on Agriculture and Forestry. We shall take no action without consultation with the Committee on Banking and Currency.

The bill (S. 1285) to create rural credit societies, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

#### ASSISTANT CLERK TO VICE PRESIDENT.

Mr. LODGE submitted the following resolution (S. Res. 57), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Vice President of the United States be, and he hereby is, authorized to employ an assistant clerk at \$1,740 per annum during the Sixty-seventh Congress, to be paid from the miscellaneous items of the contingent fund of the Senate.

#### PEACE WITH GERMANY AND AUSTRIA-HUNGARY.

The VICE PRESIDENT. The morning business is closed.

Mr. LODGE. Mr. President, in accordance with the notice I gave, I move that the Senate proceed to the consideration of the joint resolution (S. J. Res. 16) repealing the joint resolution of April 6, 1917, declaring a state of war to exist between the United States and Germany, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Massachusetts.

Mr. UNDERWOOD. I understand that the Senator does not intend to push the joint resolution to a vote for a short while?

Mr. LODGE. I do not expect to get a vote on it to-day. I know there are one or two speeches to be made, but on a subject perhaps not directly connected with it. I wish to get it before the Senate.

Mr. UNDERWOOD. I merely desired to understand that the Senator would not push the joint resolution to a vote for a day or two.

Mr. LODGE. No; I do not expect to do so. I wish to state, however, that I desire to get it disposed of as soon as possible on account of the emergency tariff bill, which we hope will be brought before the Senate shortly.

Mr. UNDERWOOD. I do not think there is any disposition on this side to delay unduly the consideration of the joint resolution.

Mr. LODGE. I understand that.

Mr. UNDERWOOD. But some of the Senators on this side of the Chamber who desire to speak are not prepared to-day, and we would like to have it go over a day or two.

The VICE PRESIDENT. The question is on the motion of the Senator from Massachusetts to proceed to the consideration of the joint resolution.

The motion was agreed to.

The VICE PRESIDENT. The joint resolution is before the Senate as in Committee of the Whole.

#### PROPOSED SALES TAX.

Mr. SMOOT. Mr. President, I desire to take a few moments of the Senate's time this morning for the purpose of explaining briefly the provisions of the sales tax bill which I have introduced, known as Senate bill 202, which I hope may become a part of the revenue laws of our country. For the Record and as a part of my speech I send to the desk a copy of the bill and ask that it be printed in the Record without reading.

The bill (S. 202) to provide revenue, and for other purposes, introduced by Mr. Smoot on the 12th instant, was ordered to be printed in the Record, as follows:

*Be it enacted, etc.*, That this act may be cited as "The sales tax act, 1921."

#### TITLE I.—GENERAL PROVISIONS.

##### DEFINITIONS.

SEC. 2. That when used in this act—

The term "person" includes individuals, partnerships, corporations, and associations;

The term "Secretary" means the Secretary of the Treasury;

The term "commissioner" means the Commissioner of Internal Revenue; and

The term "collector" means collector of internal revenue.

## TITLE II.—SALES TAX.

SEC. 201. That in addition to all other taxes, there shall be levied, assessed, collected, and paid upon all goods, wares, or merchandise sold or leased on or after July 1, 1921, a tax equivalent to 1 per cent of the price for which so sold or leased; such tax to be paid by the vendor or lessor.

SEC. 202. (a) That this title shall not apply to sales and leases made during any year in which the total price for which the taxable sales and leases are made does not exceed \$6,000.

(b) In computing the tax due under this title every taxpayer shall be entitled to an annual exemption of \$6,000.

(c) In any case where the full amount of the exemption is not claimed in computing the tax due for the first quarter, the part not so claimed shall be deducted in computing the tax due for the second quarter or succeeding quarters. For the purpose of this act the first quarter shall be the months of July, August, and September; the second quarter, the months of October, November, and December; the third quarter, the months of January, February, and March; and the fourth quarter, the months of April, May, and June.

(d) The taxes imposed by this title shall not apply to sales or leases made by (1) the United States; (2) any foreign Government; (3) any State or Territory, or political subdivision thereof, or the District of Columbia; (4) any mutual ditch or irrigation company; (5) any hospital; or (6) Army and Navy commissaries and canteens; or (7) any corporation organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual.

(e) The taxes imposed by this title shall not apply to sales or leases of articles taxable under Title VI or VII or paragraphs (1), (2), (3), (12), and (20) of section 900 of the revenue act of 1918.

(f) Under such rules and regulations as the commissioner, with the approval of the Secretary, may prescribe, the taxes imposed by this title shall not apply in respect to articles sold or leased for export and in due course so exported.

SEC. 203. That in computing the taxes imposed by this title no credit shall be allowed for any tax reimbursed or paid in any manner to any person in connection with any previous transaction in respect to which a tax is imposed by law.

SEC. 204. That every person liable for any tax imposed by section 201 shall make quarterly returns under oath in duplicate and pay the tax imposed by such section to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax a penalty of 5 per cent, together with interest at the rate of 1 per cent for each full month from the time when the tax became due.

SEC. 205. That in the case of an overpayment of any tax imposed by this act, the person making such overpayment may take credit therefor against taxes due upon any quarterly return.

SEC. 206. That the commissioner, with the approval of the Secretary, is authorized to make all needful rules and regulations for the enforcement of the provisions of this act.

The commissioner with such approval may by regulation provide that any return required by this act to be made under oath may, if the amount of the tax covered thereby is not in excess of \$10, be signed or acknowledged before two witnesses instead of under oath.

SEC. 207. That on and after July 1, 1921, sections 628, 629, 630, 902, 904, 905, 906, 907, and 900, except paragraphs (1), (2), (3), (12), and (20), are repealed, except that such sections shall remain in force for the assessment and collection of all taxes which have accrued thereunder and for the imposition and collection of all penalties which have accrued and may accrue in relation to any such taxes.

Mr. SMOOT. Mr. President, I have given considerable study to the wisdom of enacting into law a general sales tax, and now present three alternative propositions as a basis for such tax which, stated briefly, are as follows:

1. A rate of one-half of 1 per cent, but not to exceed 1 per cent, on all sales without distinction of integrated or unintegrated concerns.

2. A rate of three-fourths of 1 per cent, but not to exceed 1½ per cent, with a credit for taxes previously paid on goods bought for resale.

3. A rate of 1 per cent, but not to exceed 2 per cent, without distinction of integrated or unintegrated concerns, but exempting each dealer on the first \$50,000 of annual sales.

For simplicity of administration and collection of the tax, I have concluded to support the first-named plan, and for the purposes of this bill have specified a rate of tax of 1 per cent. If at any time the amount to be raised from such a tax is to be reduced or increased, the only amendment required to the law would be to change the rate of tax.

The bill I have offered follows closely the provisions of the Philippine sales tax, which to-day is the most satisfactory tax to all classes and the most productive that is imposed in the islands.

I now ask the attention of Senators to a brief explanation of the principal provisions of the bill. Later, when the revision of the revenue laws is before the Senate, I shall take pleasure in discussing it in detail.

## 1. WHAT IS A GENERAL SALES TAX?

A tax on the gross value of goods, wares, and merchandise, whether raw material or manufactured or partially manufactured products, whether of domestic or of foreign origin, and such as are generally sold or exchanged and delivered for domestic consumption, whether in barter or on a cash, credit, or installment basis, which tax shall accrue at the time of sale or lease of

all such goods, wares, and merchandise, at the rate of 1 per cent of their total value at the time of such change of ownership. This tax also applies to the total amount or amounts received on all leases of goods, wares, and merchandise.

The 1 per cent sales tax is similar to an overhead charge, to be added to the cost of the goods and finally paid by the ultimate consumer, but there is nothing in the bill to prevent the seller of the goods from absorbing the 1 per cent charge, and that no doubt will be done with many establishments where their sales profits are large.

## 2. WHAT ARE THE PROPOSED EXEMPTIONS?

All sales and leases are exempt from this tax when made by—  
(1) The United States or by any State or Territory, or political subdivision thereof, or by the District of Columbia, or by any Army or Navy commissary or canteen.

(2) By any foreign Government.

(3) By any mutual ditch or irrigation company.

(4) By any hospital or by any corporation organized and operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual.

Sales and leases of the following goods, wares, and merchandise shall also be exempt from this tax:

(1) Such as are sold or leased for export and in due course are actually exported.

(2) Such as are subject to the taxes imposed in Titles VI and VII of the revenue act of 1918; i. e., beverages, cigars, tobacco, and manufactures thereof.

(3) Such as are subject to the taxes imposed in paragraphs (1), (2), (3), (12), and (20) of section 900 of the revenue act of 1918; i. e., automobiles, automobile trucks and wagons, motor cycles and tires, parts, and accessories; dirk knives, still-ettes, and so forth; yachts, motor boats, and so forth, to be used as pleasure boats.

(4) Total sales and leases on goods, wares, and merchandise which in any taxable year do not exceed \$6,000.

## 3. WHAT ARE ITS ADVANTAGES WHEN COMPARED WITH OTHER TAXES?

(a) Its extreme simplicity of assessment and collection. The employment by the taxpayers of costly tax experts is quite unnecessary as is the burdening of the tax administrative machinery with complicated, expensive, and long-drawn-out audits causing long delays in the collection of taxes. It is not inquisitorial; it does not raise difficult questions about losses, depreciation, and the like; it is more easily allocated among competing jurisdictions than a tax upon net income. No revenue defrauder in the Philippines ever claimed ignorance of the law in palliation of his offense.

I notice in the morning paper to-day a dispatch from Buffalo, N. Y., reading as follows:

MADE INSANE BY TAX BLANK—WOMAN FEARED STORE WOULD BE SEIZED FOR ERROR IN REPORT.

BUFFALO, N. Y., April 26.

Papers filed in the county clerk's office here to-day state that Ethel J. Mahan, owner of a grocery store, became so worried over fear that the Government would confiscate her business because of possible errors in her income-tax report that she lost her mind.

The woman was committed to the State hospital for the insane by Acting County Judge Ottaway.

At some future time, Mr. President, I want to go into this question more in detail.

(b) Each taxpayer pays out of his gross income his sales tax and automatically grades the amount according to his ability to pay; this grading is far more exact, scientific, and equitable than are the artificial steps or brackets imposed by the net income-tax system of existing revenue laws. Under a sales tax the taxpayer pays as he goes along and does not feel the burden, while under the existing revenue law hundreds of thousands of income taxpayers are to-day, when reduced incomes are the rule, greatly harassed by the payment of taxes which accrued a year ago when incomes and profits were greater than they are to-day.

(c) The tax rate is low and uniform on all goods, wares, and merchandise. The fact that it applies alike to all mercantile transactions makes possible for greater productivity, together with a low tax rate. The absence in the Philippines of discriminatory tax rates leaves all taxpayers satisfied (1) because all pay the same rate, and (2) because goods sufficiently similar to be competitive, even though not identical, are taxed alike. The high discriminatory tax rates imposed under existing revenue laws appeal to the taxpayers as extremely unfair and are resented by them. This is the main cause why the tax administration has thrown up its hands, recommending the repeal of some of these consumption taxes, because they say they are easily evaded and too costly to collect.



(d) The taxpayer can tell to a cent and with absolute certainty and with a minimum of effort at the close of business each day exactly where he stands as to profits and tax liability. Under the complicated existing excess-profits tax the taxpayer never knows, to a certainty, what amount of profit he has to add to his business to come out whole. Naturally he adds all he thinks necessary, and experience has demonstrated that in many cases he has doubled or trebled the amount, all of which inevitably results, as the goods pass along to the ultimate consumer, in a pyramiding of prices. An investigation made by the Department of Justice in connection with the Lever Act tended to show that as a direct result of the unwise and complex provisions of the excess profits law the prices of certain commodities to the ultimate consumer were increased over 23 per cent. A simple, sane, intelligible sales tax at a rate of 1 per cent, even though pyramided several times, would nevertheless be but a fraction of 23 per cent and would certainly result not in an increase but in a substantial reduction of the present high prices of necessities.

#### 4. WHAT OTHER TAXES IN THE UNITED STATES DOES ITS METHOD OF OPERATION AND ACCUMULATION RESEMBLE?

(a) Customs duties on imports. Even though the customs duty is not repeated on each turnover of imported goods on their way from the importer all the way through various middlemen, still the effect on the ultimate consumer of the pyramiding of the various profits on the values, both of the cost of the goods and of the customs duties, is usually several times as great as is the accumulation of the sales taxes. The customs duties usually begin with a high specific or ad valorem rate; therefore the final tax content of the cost of the goods to the ultimate consumer is several times as great as a 1 per cent sales tax can ever reach, even with half a dozen turnovers. But American consumers during many years have become so accustomed to the high customs duties and to their manner of accumulation that now they seldom remember that they are paying highly compounded duties whenever they buy imported goods.

(b) Tobacco products, beverages, etc., paying high excise or luxury tax rates. The same remarks apply in this case as in the matter of the accumulation of customs duties in the preceding paragraph.

(c) Personal property taxes for local purposes, imposed periodically by city and State governments, on goods, wares, and merchandise on the shelves and in the warehouses of merchants and manufacturers. The tax rates in these cases are usually about the same rate as is the sales tax rate, though often in some localities much greater. This tax is collected on merchants' stock of goods before they are sold. The sales tax would be collected on identically the same goods at the time of their sale and not before. Surely the merchant and manufacturer are better able to pay their taxes when they have made a sale and have the money than they would be on a lot of dead stock.

#### 5. WHAT HAVE ITS RESULTS BEEN IN THE PHILIPPINES DURING THE FIRST 10 YEARS OF ITS OPERATION?

(a) It has become the most productive item in the insular tax system.

(b) It has not hampered any type of business or manufacture in the island; it is precisely during the life of the sales tax law that commerce and industry of all kinds have thrived as never before.

(c) The Philippine Government is enthusiastic over the results of the sales tax and so cabled the Secretary of the Treasury in Washington four months ago, stating that their sales tax was the "most equitable, productive, simple, and economical" tax they had; that the original tax rate of one-third of 1 per cent had been increased to a full 1 per cent; and that the Philippine Government was then (December, 1920) considering the advisability of again increasing the tax rate, this time from 1 per cent to 2 per cent per turnover.

(d) Prominent merchants with offices in Manila and New York City have in printed statements been equally as enthusiastic over the operation of the sales tax law as is the Philippine Government, as quoted in the foregoing paragraph. Industrial and commercial methods and conditions in the Philippines have, during the last 22 years, become thoroughly Americanized as scores of reputable witnesses—formerly in the Philippines and now in this country—are willing to testify. All of which should be sufficient to prove an error in judgment on the part of those in this country who have, on scant knowledge of their own, condemned the Philippine sales tax as being in principle rank economic heresy and in operation impracticable.

#### 6. WHERE DOES ITS FINAL INCIDENCE NORMALLY REST?

Normally, the entire taxes paid on each turnover are shifted and rest finally on the ultimate consumer, this because the purpose of all business is profit and the cost of goods includes

every item of expense such as raw material, labor, freight, rent, traveling expenses, interest, selling expenses, losses, and taxes. All of these items are normally shifted to the ultimate consumer. It can be demonstrated with mathematical accuracy that even with a half dozen turnovers, and the corresponding 1 per cent taxes, the price of commodities to the ultimate consumer is very rarely increased over  $3\frac{1}{2}$  per cent. Compare this with the 23 per cent increase resulting from the operation of the excess-profits tax. The  $2\frac{1}{2}$  or  $3\frac{1}{2}$  per cent tax content in commodities bought by the ultimate consumer means that a lot of goods which, sales tax paid, cost him \$102.50 to \$103.50 would, without the tax, cost only \$100. But as a matter of fact the sales tax encourages thrift and eliminates the 23 per cent which the operation of the excess-profits tax now loads on many commodities. Therefore the net result of a moderate general sales tax rate would be a considerable reduction to the ultimate consumer in the value of the \$100 worth of goods in the example given above.

Compared with the merchants' and manufacturers' ordinary profits on each turnover of goods, the 1 per cent sales tax is so small that it was found, after many years' experience in the Philippines, that normally in ordinary commercial transactions very little attention was paid to the tax. Under abnormal conditions, where the profits were larger than usual the sales tax was absorbed.

#### 7. HOW DOES IT AFFECT THE INDEPENDENT MANUFACTURER AS COMPARED WITH THE INTEGRATED MULTIPLE-PROCESS CONCERN?

For an intelligent comprehension of this problem several factors must be considered:

(1) As a rule, the integrated concern produces its own raw material at a minimum cost or pays less for its raw-material purchases in bulk than do its small competitors.

(2) It is generally thought that the integrated concern because of its production in bulk, more economical machinery, smaller overhead expense per unit and multiple process from raw material to finished product, turns out goods at a lower cost than do its smaller competitors.

Per contra it is well known:

(1) That not all independent manufacturers do business on a small scale, and

(2) That independent manufacturers who specialize on certain finished products are able to successfully compete with the bulk production of large integrated concerns manufacturing the same finished products.

(3) That the activities of many concerns, such as automobile manufacturers, consist mainly in assembling parts manufactured by several integrated or independent concerns.

For the purpose of this argument, we are to consider how a 1 per cent sales tax on final output affects (1) a large integrated concern with, say, six multiple processes between the raw material and the finished product as distinguished from (2) a half dozen independent concerns, each performing one of the six multiple processes, performed by the integrated concern, and each paying a 1 per cent sales tax on their output of the partially manufactured product.

The natural assumption would be that the six independent concerns among them would pay six times the amount of sales tax that the integrated concern would pay on the same output. But this assumption would be wrong, for the following reasons:

(a) Each of the six independent concerns would shift along to the next independent manufacturer in line all of the original costs of raw material plus the various costs at that stage of the partially manufactured product plus his own profit and the compound profits of the manufacturers who had preceded him and add the 1 per cent turnover tax to the bulk sum of all these items. The total of these six profits en route would make the finished product to the ultimate consumer several times the amount for which the first independent manufacturer purchased the raw material. Therefore, instead of 6 per cent—1 per cent on each turnover—the tax content of each dollar the ultimate consumer paid for a finished product would, normally, range between  $2\frac{1}{2}$  per cent and  $3\frac{1}{2}$  per cent.

(b) The integrated, multiple-process concern would add merely the cost of production in each of its processes to the partially manufactured goods entering the next process and add to the total cost its profit, together with 1 per cent of the total sale price of the finished product, which is normally sold in competition with and at approximately the same price as similar finished products are sold by the last one of the six independent manufacturers.

Therefore, the advantage which the large integrated concern would have over each of the independent concerns would be from two-fifths to three-fifths of 1 per cent—that is,  $2\frac{1}{2}$  per cent or  $3\frac{1}{2}$  per cent divided by 6. But as independent manufacturers, large and small, have thrived and continue to thrive alongside of large integrated multiple-process concerns the natural assumption is

that they will continue to thrive, regardless of a fraction of 1 per cent advantage. Whether this advantage will be used is doubtful. So far the large concerns have shown no disposition to drive their small competitors out of business. No doubt the large manufacturer is more than satisfied to allow his small competitor to set the price.

Logically competition and the sales tax would result in an increase of 1 per cent or 2 per cent or 3 per cent to the ultimate consumer, and the repeal of the excess-profits tax would result in a decrease to the ultimate consumer of several times that amount. As for the small independent manufacturer and the large integrated multiple-process concern, they should continue in the future, as they have in the past, to operate alongside of each other.

The following table shows how a year ago a suit of men's clothing, retailing at \$60, would increase in value from the raw material to the finished product.

By the way, if the same suit of clothes were manufactured to-day, with wool at its present price, there would be a different result from that shown by this table:

	1 per cent tax.
1. Raw wool in grease, about \$6.50	\$0.065
2. Wool dealer scours wool and sells to spinner, \$8.	.08
3. Spinner converts into yarn and sells yarn to the manufacturer, \$10	.10
4. Manufacturer weaves and finishes into cloth and sells 3½ yards at \$4	.1333
5. Trimmings, linings, etc., 50 per cent of cloth	.1891
6. Tailor makes into suit and sells at \$40	.40
7. Suit is sold at retail for \$60	.60

Total tax price on consumption..... 1.5674  
which equals 2.61 per cent of the value of suit to the purchaser.

If the sales tax bill becomes a part of the revenue laws of our country Congress can repeal not only the items provided for in the bill as presented by me, but can repeal all of the irritating, nagging, discriminatory taxes amounting to hundreds of millions of dollars, and the excess-profits tax, the result of which has worked such havoc with the business concerns of our country, which have in many cases been compelled to pay the excess-profits tax on paper profits.

I have received a few letters of complaint against a general turnover tax from concerns doing business on an average of 2 per cent to 3 per cent profit on their turnover sales and claiming that if the 1 per cent sales tax is imposed it would ruin their business. Perhaps in some cases the imposition of the tax, if it had to be paid by the merchant, would seriously cripple their business; but such concerns must understand that the tax imposed is to be paid by the purchaser. It is to be added to the regular price charged for all goods sold. If the merchant desires to absorb the tax there is no objection to his doing so, but the law does not contemplate any such result.

Some day not far distant America will have a general sales tax law; and with new forms of pensions and bonuses that will become a heavy drain upon the Treasury, together with the 2½ per cent sinking fund for retirement of the public debt and nearly \$1,000,000,000 of interest to be paid annually upon the Government obligations, the sooner a general sales tax bill is enacted into law the better it will be for America.

Congressman MONDELL repeatedly announces that the House of Representatives will demand a lifting of taxes and not a shifting of them. I want both a lifting and a shifting of taxes, and I know the American people want the same. The expression "consumption taxes" scares the politician much more than it does the American taxpayer. Every internal tax imposed is a consumption tax. The demagogic cry of the unloading of the taxes now supposedly placed on the shoulders of the rich onto all the working population of the United States through a sale tax on goods, wares, and merchandise is a theory and not a fact, and theories never have and never will be accepted as payment for taxes that must be collected to maintain the Government. I declare in the most positive terms that it is such people of the United States that are now paying the taxes, and it will continue so no matter in what form the tax is imposed, unless it be a tax taking part or all of the capital or property of certain classes of citizens.

Many of the taxes imposed under the present revenue laws are disguised and heavily inflated consumption taxes, and when finally paid by the consumer result in an ever-rising cost of the necessities of life. They have promoted extravagance and inflation, restricted competition, obstructed the development of our natural resources, discriminated between taxpayers, and are next to impossible to administer.

Mr. WALSH of Massachusetts obtained the floor.

Mr. POMERENE. Will the Senator yield for a question?

Mr. SMOOT. I am through.

Mr. POMERENE. I just want to ask the Senator a question. Mr. SMOOT. Certainly, if the Senator from Massachusetts does not object.

Mr. WALSH of Massachusetts. I do not object.

Mr. POMERENE. I was not able to be in the Chamber when the Senator began. As I understood his argument, he applies the sales tax to the manufacturer. I was wondering whether he would extend the principle of it to the professional man.

Mr. SMOOT. In this bill it is not so extended. I have limited it to goods, wares, and merchandise for this reason, that I am quite sure, Mr. President, that there would be objections, from many sources, if it were applied to the professional man, or if to the sale of electricity, or if it were applied to the laboring man selling his labor. It is simple in principle and if enacted into law the American people will soon learn its worth and, I believe, approve of its results, and I am quite sure, if it is necessary to raise more money, the sources of taxation could be extended. But with this 1 per cent sales tax on goods, wares, and merchandise every other tax, Mr. President, can be repealed, with the exception of the income tax; a normal tax upon business; the tobacco tax; the inheritance tax; and the amount collected at the ports of entry. These taxes will pay all that will be required to maintain our Government and take care of the 2½ per cent sinking fund.

Mr. POMERENE. Would the Senator apply this tax to the farmer and the stock raiser?

Mr. SMOOT. The farmer and the stock raiser are exempt up to \$6,000, as is every merchant in the United States.

Mr. POMERENE. The Senator referred also to the sale of electric power, and so forth. What tax would he substitute for the sales tax so as to make that class of industries bear their proportion?

Mr. SMOOT. That class of industries are generally public utilities, and they are regulated as to the price for which the power shall be sold.

Mr. POMERENE. Another question. What amount of revenue does the Senator expect would be raised if his bill should pass as it is now drafted?

Mr. SMOOT. One billion five hundred million dollars.

Mr. POMERENE. Does the Senator expect to do away with the excess-profits tax entirely?

Mr. SMOOT. Entirely.

Mr. POMERENE. Would the \$1,500,000,000 meet the necessities of the Government, without the excess-profits or any other tax?

Mr. SMOOT. All others, with the exceptions I have named.

Mr. POMERENE. The Senator would continue the income tax?

Mr. SMOOT. Yes; the income tax would be continued.

Mr. FLETCHER. Mr. President, I rose to ask the same question as that last put by the Senator from Ohio, as to how much revenue the Senator from Utah expected would be obtained by this tax; I believe he said one billion five hundred million. That would be about \$15 per capita.

Mr. SMOOT. About that sum.

Mr. FLETCHER. I believe the result in the Philippines has been that they raised about \$7,000,000, with a population of about 8,000,000. About \$1 per capita has been the experience in the Philippines, I understand.

Mr. SMOOT. No; there are over 10,000,000 people in the Philippines, and they raised \$7,000,000, which would be about 70 cents per capita. Most of the population there, of course, do not do any business and are exempted from the tax.

Mr. FLETCHER. They collect 70 cents per capita in the Philippines, and the Senator proposes to levy here a tax which would approximate about \$15 per capita. Of course, conditions are different in the United States from what they are in the Philippines. Does the Senator distinguish between his bill as a sales-tax proposition and a turnover-tax proposition?

Mr. SMOOT. There are many, many plans which could be followed. I do not know whether the Senator was here when I began.

Mr. FLETCHER. I listened to the Senator's interesting remarks very carefully, but I could not quite gather whether he draws a distinction between a turnover tax and a sales tax.

Mr. SMOOT. The way most of the people understand it, a sales tax means the last sale, to the ultimate consumer.

Mr. FLETCHER. I think that is true.

Mr. SMOOT. But a turnover tax is a sales tax. In the consideration of the subject I suggested a bill that would levy a rate of three-fourths of 1 per cent, with a credit for taxes previously paid on all goods bought for resale. That meets with the approval of a great many people in the United States. Another proposition, coming from some of the officials of the



Treasury Department, was for the imposition of a rate of 1 per cent, without distinction between integrated and nonintegrated concerns, but exempting each dealer on the first \$50,000 of annual sales.

Mr. FLETCHER. The tax is not limited under the Senator's proposition to the payment of the sales tax when the goods are finally sold to the consumer?

Mr. SMOOT. No.

Mr. FLETCHER. It applies to all the different stages of manufacture and through the final sale of the goods?

Mr. SMOOT. Yes; to every turnover.

Mr. FLETCHER. Has the Senator examined the experiences of other countries? For instance, I believe Mexico has a similar tax, but is it not quite true that people have found a way of avoiding the tax in Mexico so that the system is not satisfactory there?

Mr. SMOOT. No; the system is satisfactory, and it is in operation now.

Mr. FLETCHER. It is in operation, but my information is that a great many of the large taxpayers escape it, whereas the little fellows have it to pay.

Mr. SMOOT. This is the first time I have ever heard that. They certainly can not under my bill.

Mr. FLETCHER. As to the Canadian experience, there is a similar law in Canada, I believe. Has the Senator investigated the Canadian law?

Mr. SMOOT. I have.

Mr. FLETCHER. Does the Senator make exemptions here similar to those that are made in Canada?

Mr. SMOOT. No. If the Canadian law were put into force in the United States the administration of it would be very difficult indeed. It would be just as difficult as we find now in the collection of the so-called luxury tax. The honest merchant pays his luxury tax; the dishonest man does not pay it in full.

Mr. FLETCHER. Has the Senator examined the French law?

Mr. SMOOT. Yes; the French law is even worse than the Canadian law.

Mr. FLETCHER. I think their experience is that they have not been able to collect more than about 50 per cent of the budget estimate.

Mr. SMOOT. No; not as a whole, but from certain goods taxed similar to our luxury taxes. France had a sales tax during the war, and it was about the only source through which she collected the money she was compelled to raise outside of the sale of bonds to carry on the war.

Mr. McCUMBER. Mr. President, I wish to ask one question of the Senator from Utah. The Senator stated, if I understood him correctly, that even though there were five or six turnovers the ultimate consumer would not pay more than 2 to 2½ per cent. That same thing was asserted also in the little primer which was gotten out by the Sales Tax Committee. I read it carefully. I confess I fail to understand how that is possible, and I would ask the Senator if, in the initiation of the consideration of the matter, he will not make that a little more clear to me.

For instance, take goods that the manufacturer sells for \$100. That is the first turnover. He adds 1 per cent and that article is sold for \$101. Without taking any profit at all and, of course, there would have to be a little profit the next time, that \$101 is turned over and the amount then would be \$102.01. The third time it is turned over it would be \$103.04. The fourth time it is turned over it would be \$104.07, and the fifth time it would be \$105.11. Of course, that would be without any profit whatever. I can not for the life of me understand how, if we add \$1 to \$100 each time that it is turned over, and if it is turned over five times, there will not be \$5 added to the ultimate consumer.

If the Senator can make that clear to me and to the Senate, he will have accomplished something I have not been able to accomplish for myself.

Mr. SMOOT. It seems to me so simple that I can not see why the Senator has not understood it.

Mr. McCUMBER. Possibly that is the trouble—that it is so simple.

Mr. SMOOT. In the first place, no such transaction ever did or ever will occur. It is impossible to take raw material and manufacture it into a finished product and no increase in the value with the exception of the 1 per cent sales tax.

Mr. McCUMBER. Of course, I am assuming he will make a profit.

Mr. McCORMICK. What about corn? The farmer is not making any great profit on corn.

Mr. SMOOT. He has an exemption of \$6,000 on the sale of corn. If he sells more than \$6,000, of course, he would be subject to the tax over and above the \$6,000.

Mr. McCUMBER. With a turnover of five times from the manufacturer of the completed article, which sometimes even passes through five different hands before it reaches the ultimate consumer, what I am trying to get at is how it can escape \$5 being added to the \$100. The 1 per cent sales tax first applies to the raw material in addition to the natural profits.

Mr. SMOOT. The Senator's proposition is that there shall be five turnovers with no profit. I have called attention to one case, and I have hundreds of others, and the Senator can see exactly how the usual processes work out. Take wool in a suit of clothes, say \$6.50. The tax is 6½ cents.

Mr. McCUMBER. The Senator does not understand my question. I am taking a completed article, the raw material not being considered at all. The manufacturer makes a completed article. That is the first turnover from him to the commission man or the wholesaler. He turns over that article, \$100 worth of it, and there is \$1 tax. It passes through some four hands, we will say, before it reaches the ultimate consumer, each one of them taking an extra dollar.

I agree with the Senator so far as raw material through the several stages of manufacture is concerned, but I understood the Senator to make the statement as to the average turnover. I know in many instances the turnover is three or four times after it leaves the manufacturer before it reaches the ultimate consumer. What I am trying to find out is how the Senator figures it that the ultimate consumer would escape paying \$1 on \$100 for each turnover, five times if it was turned over five times.

Mr. SMOOT. That would be the case with manufactured goods if no profit was made on each turnover. But that never happens, and such turnovers should be discouraged. There must be very few of them. If there is any complaint, it might be directed at the different stages of manufacture. As the raw material is increased in price through the stages of manufacture, the 1 per cent tax is paid upon the increased value. When it reaches the ultimate consumer he pays 1 per cent upon the sales price and the tax imposed on each step will not average to the consumer in extreme cases more than 3 per cent.

Mr. KENYON. Mr. President, if the Senator has cleared that up—although the whole thing seems to be getting about as clear as the Einstein theory—I should like to propound a practical question to him as to agriculturists. The farmers in my State are now receiving about 28 cents a bushel for corn, and statistics from the Agricultural Department show that it actually costs them 90 cents a bushel to raise that corn. They take the corn to market and sell it. If they have enough to come above the exemption, whatever it may be, they have a tax to pay on it.

Mr. SMOOT. On all over \$6,000. If they had \$10,000 worth, they would have to pay 1 per cent on \$4,000, or \$40.

Mr. KENYON. Even though they were practically losing 60 cents a bushel on the corn?

Mr. SMOOT. Yes; if such is the case, but this condition seldom happens. He may pay this tax and be relieved of other taxes amounting to a great deal more than he is now paying under existing law that can be repealed if the sales tax is adopted.

Mr. KENYON. The man who makes the great profit is an element that is not taken into consideration at all in getting at the taxes. The fact the farmer has practically lost everything he has is not taken into consideration, and still he has the tax to pay. That is an injustice, it seems to me, in the sales tax.

Mr. SMOOT. We are right now in a stage of getting back to normal conditions. Everybody nearly is losing money.

Mr. KENYON. There are things happening to farmers that seem to be happening to no one else in the country.

Mr. SMOOT. It is happening to nearly every one, I will say to the Senator. The farmer feels it direct and we hear of it perhaps more quickly.

Mr. KENYON. The farmer's prices are back below the prewar prices, while in other industries that is not true.

Mr. SMOOT. Many of them. I can tell the Senator many cases where they are back below prewar prices—many of them, indeed.

#### TREATMENT OF EX-SERVICE MEN.

Mr. WALSH of Massachusetts. Mr. President, in undertaking to make some observations in regard to the general treatment by our Government of the ex-service men of the recent war, I am conscious that my remarks may be misinterpreted and subjected to the accusation that they are purposed on the grounds of mere political propaganda. A brief explanation therefore, of my interest in this subject and some reasons for taking the

time of the Senate to discuss it might well be stated at the very outset.

During the recent recess of Congress, while at my home in Massachusetts, by mere chance I had occasion to visit one of the buildings used for hospitalizing some of the World War veterans. The conditions which revealed themselves were totally incredible, and such a deep impression was made upon me by the apparent neglect of our young heroes that I was moved to devote several days in a further investigation of hospital facilities in the Commonwealth which I have the honor in part to represent. I did more than examine hospital conditions; I talked with the patients, had questionnaires regarding their compensation claims prepared and filled out by them, and sought to obtain their general mental attitude toward the Government.

It is therefore with personal authority that I speak, and the conclusions and the recommendations that I make bold to suggest are the result of much consideration—indeed, I might say anxiety because of the seriousness of this problem. I must admit to having been influenced by an earnest desire to contribute something toward formulating a constructive policy to remove the growing and already generally accepted view of these men and their families that our Government has not shown the same degree of promptness and earnestness in attending to their affliction growing out of their service as it did in encouraging and summoning them to duty in the hour of the country's distress.

I must confess, my fellow Senators, that during my years of public service I have rarely felt more keenly the neglect of a great opportunity to render a real service to those deserving much of our country than I did during the days that I saw these young men in the improvised hospitals where they are domiciled, and talked with them about their incapacitation and their experiences in seeking Government assistance. I believe, after a fairly comprehensive study of the problem, that the indictment which they have been steadily shaping in their minds is one the validity of which we are almost compelled to admit.

As I saw these poor fellows stretched out on their beds of pain, discouraged and despondent of the Government's treatment of them, I could not help but contrast the scenes before my eyes with those scenes of a few years ago when these same young men, in the full bloom of healthy and promising manhood, marched through the streets of our communities amid cheers and plaudits of all our people. How we vied with each other in wishing them Godspeed; and how our hearts throbbed with emotions of affection and gratitude for that fine American spirit which moved them to undertake so cheerfully and willingly the hardships and trials of camp and face the shells and deadly gases in the hell regions of Europe! Again and again I recalled that phrase heard so often on every platform and which is familiar to every service man: "When you boys return you can have anything your hearts crave and everything a grateful country can give you."

Men in public life have frequently been reminded that republics are ungrateful, but somehow all Americans have been imbued with the firm conviction and belief that treatment of returned soldiers was one exception to the ingratitude of governments. Have we not boasted that in our democracy there was no such word as ingratitude in dealing with those who sacrificed body and life upon the battlefield for the perpetuation of democratic ideals?

I do not assert that it has not been the desire and intent of the entire Nation to provide these returned war heroes with every benefit and every care which the Government could possibly bestow; for during the fighting period when thousands of our youth left or were called from their civil occupations to assume the very great task of upholding the national honor, I need not recall that it was the common purpose of the whole people to reward the valor and service of our fighting forces.

Nor could it logically be claimed that Congress willfully neglected to provide for the care of the incapacitated and the restoration of the temporarily unfit to civil pursuits. Legislation was passed in favor of liberal insurance, compensation, vocational training, and hospitalization for all who had been handicapped by their service in the Army and Navy. Without reflecting on the purpose of the framers of these laws and recognizing also that of necessity they were hastily drawn, nevertheless I believe it is a fact that the laws have been open to so many different constructions and interpretations on the part of the various boards and bureaus created by them that as a result the administrative system, borne down with duplication and wasted effort, has practically collapsed, leaving the veterans for whom relief was intended to help themselves altogether until the bungling, slow-moving, tape-laden Government bureaucracy manages at last to find some way to help them.

In any review of these laws we should bear in mind that, as I have said before, they were necessarily hastily drawn; that they were drawn for the most part by men who could not reasonably be expected to serve in the war and who were consequently somewhat detached from the needs of the service man and his point of view. The experts called in to advise in the matter of this legislation, we must remember, were business men, shrewd, calculating, and with the practicable and profitable ideas common to business men. There was no precedent of extending relief and no definite appreciation of the needs of the soldiers, so accordingly there was an absence of the generous and sympathetic impulses which naturally arise from direct contact with the kind of trials, suffering, and personal losses that we have all witnessed since the return of our fighting forces from France.

One of the great difficulties with this problem lies, I am convinced, in the fact that the three principal bureaus of soldier rehabilitation (Bureau of War Risk Insurance, Federal Board for Vocational Education, and Public Health Service) have failed miserably in coordinating the scope and character of their operations.

It is my purpose to consider the problem of rehabilitation under four different heads, namely: Insurance, compensation, vocational training, and hospitalization.

#### INSURANCE.

Mr. President, a close examination of the methods by which the bureaucracy created to take care of the ex-soldiers has been functioning will disclose an amazing indifference toward the original purpose of veterans' relief legislation.

Can we believe that Congress intended the right of each service man to insure himself under the terms of the war risk insurance act to be one which might be withdrawn irrevocably because of temporary inability of the individual soldier to keep up his payments, arising, let us assume, out of loss for the time of his prewar earning power?

It is a matter of very considerable doubt that Congress intended to prevent the reinstatement of a war risk insurance policy except in case the service man can swear that his physical condition is equally as good as at the time he was admitted to the privileges of insurance under the war risk insurance act. The machinery for disposing of these pending insurance cases, allowing always for the stresses and strains of war upon the physical and mental condition of the soldiers, should be immediately rebuilt so as to attend in all respects to the needs and the deserts of the war veterans.

How can we in conscience deprive of the benefits of insurance the parents or wife of an American service man who faithfully and without stint contributed his services to his country in time of its extremest peril, and who while in the performance of that service contracted a disease which since November 11, 1918, caused his death, simply because while suffering from disease the son or husband was unable to save the money to pay his premiums or was unable to expedite the department of our Government in providing him with compensation to take care of his disability? And yet thousands of fathers, mothers, and wives have found themselves in this very position and have been compelled to suffer, not only the loss of the comfort, aid, and companionship of a devoted son or husband, but have been impoverished themselves because they had not the wherewithal from the date their loved one was discharged to the time of his death to meet the insurance premiums.

To put the issue squarely before us, I purpose to file a bill which seeks to provide that the dependents of every ex-service man whose policy has lapsed since the signing of the armistice and who has met with death through disease contracted in the war shall be forthwith paid the sum named in the original policy upon the deduction of all premiums due from the time the policy lapsed to date of the insured's death.

Again, there is no provision in the present insurance laws to reinstate the policies of those men who through no fault of their own were forced to discontinue their insurance. The present law provides that no one can have a policy reinstated unless he can show himself physically sound at the time he seeks reinstatement. Such a provision entirely eliminates all tuberculous and like cases. Neither does the present law allow for the mental and physical deficiencies harassing the soldier upon his return from the abnormal conflicts of war to civilian life.

I am aware of many cases of ex-service men who faithfully paid premiums on their policies during the war period, but who have permitted them to lapse after they came out of the service and who later contracted serious illness. To assist such cases I shall also present a bill to provide that every service man formerly insured under the war risk insurance act and whose policy has lapsed shall be entitled within one



year after the passage of this act to the reinstatement of his insurance without physical reexamination, upon the payment of two months' premiums.

I argue these laws on three grounds: First, because humane-ness commands that this Nation do everything possible for those who have done so much for their country. Secondly, because it is expedient in view of the fact that unless we provide for the needs of these men and their dependents we will be forced at some subsequent time to serve them with pensions which will be far more expensive and troublesome to the Government. The chief defense this Government will have in future years against a movement for extensive pensions will be that its obligations to service men and their dependents have been canceled. Thirdly, because in many cases the Government's failure to adjust compensation claims has deprived the ex-service men of the means to pay the premiums due on their policies.

The section of the war risk insurance act which provides for the payment of insurance in 240 equal monthly installments is unsatisfactory and a source of trouble to the heirs of deceased service men. Therefore, I shall also submit a bill which will provide the payment of the full value of the policy in three installments—one-third at the time of death, one-third one year after death, and the remaining third two years after death. Nearly three years have elapsed and consequent contact with a merciless world has impressed the dependents of our living and dead soldiers with the necessity of frugality and prudence; and therefore I am sure we need no longer fear wild extravagance if insurance is paid in larger sums.

#### COMPENSATION.

Another more patent, more serious instance of collapsed war-relief instruments is the matter of compensation to those who were disabled or handicapped in the service. Is it not lamentable to behold thousands of young veterans compelled to wait for action, some of them suffering in hospitals, others even dying, before the Government agencies can help them? Eighty-three thousand cases of veterans seeking compensation were in the files of the War Risk Bureau awaiting attention at the end of November, 1920, and since that time the number has undoubtedly increased, chiefly because the bureau demanded the soldiers asking assistance and help which was lawfully theirs under the war insurance act to furnish an indisputable, impenetrable set of legal affidavits before their cases were even considered for settlement. In addition to the soldier's physical disability, he has been burdened with the impossible task of proving beyond any doubt or question how, when, where, and with what effect his disability occurred, as well as of answering satisfactorily other phases of an irrelevant questionnaire which does not take into account the natural tendency of the soldier, at the end of the war, to conceal his physical deficiencies in order to get immediately discharged, no more than it considers the desire of the examining physicians at different cantonments to set a high medical record for their own particular station. What can we think of Government machinery intended to function in the interests and welfare of our wounded and incapacitated soldiers and yet which demands in most cases from three to seven months in order to dispose of a soldier's claim for compensation?

It is not my purpose to lay all the blame for the delay and neglect which is visible on every side at the door of the official bureaus created for war relief purposes, because after having read the act I conceive it very possible that on account of its loosely drawn character various bureaus might differently interpret and construe its provisions. The refusal to pay compensation in the case of any man becoming ill or unfit unless his disability has appeared within a period of one year after his discharge from the service seems to be altogether arbitrary and unjust; for, according to the most authoritative medical experts who have studied this question, it will be 1929 before the peak has been reached in the development of the number of psychic and mental cases arising out of the late war. I shall therefore submit a bill to extend the period within which an ex-soldier may be considered eligible for compensation.

The chief objection I have to offer against the present method of compensation is its centralization. The official who makes the physical examination in the regional divisions of this bureau, and comes in personal contact with the applicant, has no authority to adjudicate the case. After collecting the data, the application is forwarded to Washington, where a judicial examination of the written statements of physician and applicant is made and there is after long delay an adjudication, with the result almost invariably that a letter comes back to the applicant asking for affidavits and further evidence connecting his

disability with his service. Rarely, if ever, I am informed, is there final adjudication from the Washington bureau of the applicant's case within three months, and the delay extends from six to seven or more months.

It may not be amiss to state just what is the proceeding where compensation is sought by an incapacitated ex-service man.

Imagine, if you can, the feelings of a young ex-soldier in the State of Maine, on the Canadian border, finding himself afflicted with lung trouble, which he knows is the result of his strenuous and laborious service during the war, as he contemplates the delay and the endless red tape that he must endure before he can give up his employment and take the necessary rest to restore his health. Follow him as he leaves his home, compelled at last to turn to his Government for aid; traveling for hours and at times all night, at considerable expense, to visit the representatives of his Government at the nearest regional office, where he can be examined by a public-health physician. The examination is held, he returns home with no more information than when he left, except that his application, with medical statements, has been forwarded to Washington. Weeks, more generally months, pass, and he and his family must bear the expense of medical treatment and care, and endure the loss of income due to incapacitation, while he waits for action at Washington. At last the day comes, and the mail brings a report. It is a stereotyped letter—one that is sent after an examination of nearly all claims, and demand is made that he give further proof that he is suffering from an ailment which he contracted during the period of his service. No American Legion post, Red Cross, Knights of Columbus, Young Men's Christian Association, or other agency is at hand to give advice, so local lawyers and physicians are consulted, affidavits are prepared and sent to Washington. More delay follows, and in some cases death has relieved the mental anxiety and physical pain before the Government he so cheerfully and bravely served in its hour of trial has found time and a way to give him the little compensation that would have cheered his heart and sent him into eternity with the realization that a grateful Government would never cast its watchful eye away from caring and helping those who had been robbed of the comforts and assistance that he was able to give them in the days of his vigorous youth, before the ravages of war had shaken his constitution and prostrated him.

Mr. President, let us cut this red tape—let us act. Put behind us forever this delay, postponement, suspicion, and distrust. What will help more than anything else to solve this problem and restore confidence in our ex-service men is the placing of absolute authority to act and settle these claims with the local agencies, that personally meet and come in contact with the disabled ex-service men. I urge, therefore, such a change in the present law as will remove the widespread feeling among applicants for compensation that this Government presumes that incapacitated ex-service men are crooked, dishonest, or impostors, without affirmative evidence from them to the contrary.

Let us analyze more in detail the extent of the proof required under the present law to establish a claim for compensation. Section 306 provides that no claim shall be allowed to an incapacitated ex-service man unless his disability has developed within one year after discharge from the service. This law practically eliminates from compensation every ex-service man who becomes incapacitated after one year following his discharge. The law also places a time limit of five years upon the filing of compensation claims. Both these provisions should be repealed. In the first place, the law assumes that no disability can result after one year following discharge from service; and, in the second case, that even if this disability has occurred, and yet the soldier neglects to file his claim within a period of five years following his discharge, he shall be automatically excluded from the privileges of the act and left to his own resources to take care of his incapacitation.

In other words, neither of the provisions reckons with the fact that an illness bringing disability such as tuberculosis or a neuropsychiatric condition can very possibly be delayed in its appearance for over one year; nor does it admit of the right of the soldier in the event of its subsequent appearance to claim his compensation if the period elapsed since the date of his discharge has been five years.

Mr. President, the proof that these provisions of law are unreasonable is furnished by evidence everywhere of hospitals overcrowded with ex-service men suffering from disabilities contracted subsequent to the one-year period. While I appreciate that there have been some favored exceptions made to the strict interpretation of this law, yet the fact remains that the cold

letter of the law itself debars thousands of deserving and worthy cases from compensation. Incapacitated service men should have their compensation as a matter of right and not of favor.

We must remember that these conditions were inserted in a law that was made during the war and before we fully realized the extent of the physical havoc that this war would make among the young manhood of the land. There should be no delay in repealing at once sections 306 and 309 in view of the knowledge we now have of the widespread extent of such diseases as tuberculosis and neuropsychiatric afflictions, most of which afflictions have appeared among ex-service men who were discharged from the service after medical examination as physically sound and who developed none of the symptoms of these diseases until more than one year thereafter.

The service men have long since become disgusted with the arrangements for compensating them.

When asked what reply he had received from the War Risk Insurance Bureau in regard to his compensation, one veteran in a Massachusetts hospital replied: "No result; always the same old story—more medical evidence." A soldier in the Walter Reed Hospital in Washington who wrote to the Director of the War Risk Bureau asking if 10 affidavits would be sufficient to link up his disability with his service record received the reply, "I do not think so." Still another applicant who, when asked what was his physical condition at the time of his discharge, replied, "Good, according to Government doctors, but wanted to get home and did not make complaint." Instances like these are frequent and, I dare say, quite typical of the attitude which the bureau has shown to claimants.

I find another source of common complaint is the uncertainty of what compensation may be allowed to disabled soldiers, suffering with varied degrees of disability. It frequently happens, for illustration, in the tuberculosis hospitals that one patient will be receiving as compensation the amount for full disability, while his hospital mate, with a similar disability, may be receiving but one-tenth of that amount.

There seems to be no way of increasing the compensation speedily when once granted in those cases where the disease is progressive. For example: In cases of incipient tuberculosis, the compensation first given may be very small, but where the disease has extended itself, bringing a larger degree of disability, there seems to be no prompt means of compensating the sufferer adequately and admitting him to the new classification to which he is entitled.

To remove the injustices now prevailing I purpose to offer, in addition to bills calling for the repeal of sections 306 and 309, a bill that will provide that all ex-service men claiming disability resulting from chronic bronchitis, pleurisy, or any neuropsychiatric diseases shall be held and taken to have contracted such diseases in line of duty and not by his own willful misconduct, unless it can be proved by the Bureau of War Risk Insurance, by further evidence than that contained in the medical record of such claimant's discharge, that such disease has been contracted not in the line of duty, but by his own willful misconduct.

Mr. POMERENE. Mr. President, does the one-year limitation apply to those nervous cases?

Mr. WALSH of Massachusetts. All cases—every case. The cold letter of the law debars every person from getting compensation unless disease appears within one year after discharge. It is only fair to say that there have been exceptions made; there has been a fairly liberal construction of that law; but when a man applies with tuberculosis that has developed since—and I will give you some cases later on—he must prove that some symptom appeared within a year and that it is traceable to his service.

Mr. POMERENE. I think it is medically accurate to say that these cases are very often progressive.

Mr. WALSH of Massachusetts. Certainly.

Mr. POMERENE. And they may not develop until a considerable time afterwards.

Mr. WALSH of Massachusetts. Quite true.

Mr. POMERENE. But certainly they ought to be cared for if the service is in any wise responsible for that condition.

#### FEDERAL VOCATIONAL EDUCATION.

Mr. President, the prominent idea of any sound rehabilitation program must be founded on the principle of restoring the afflicted or handicapped war veterans either to the work that they were pursuing before their entrance into the service or into lines of activity for which by temperament and disposition they are especially adapted.

The Federal Board for Vocational Education, established to furnish training and education to those of the ex-service men

who are entitled to it under the law, has managed in recent months to dispose of the greater number of cases that have come to its attention, but even here I feel there is room for improvement.

It was only last week, when interviewing an official in regard to the number of men who were in training and whose claims are at present before the board, it came to my knowledge that in this regional district (Washington) alone there are over 700 soldiers who have been adjudged eligible for vocational training under the act but who have not yet received it, because they were considered mentally and nervously unfit for training in any regular university or college course where they would be subject to the same rules and requirements as other students at these schools. This is indicative of one thing, namely, that the Federal Board for Vocational Education has failed to organize a corps of specially qualified men to train cases of neuropsychiatric nature and has neglected to cooperate with the Public Health Service for the establishment and equipment of special institutions where these men could be simultaneously hospitalized and educated.

I have no specific data on the point, but I shall venture with the official to whom I talked about this matter that a number of men in all parts of the country can be found who are not receiving the benefits for which they were declared eligible. This leads to a deliberation on the exact status of these men. Let us take, for instance, the case of the man who was nervously afflicted by shell-shock, so as to render him unfit for a normal civilian occupation, and yet was not granted by the Bureau of War Risk Insurance a degree of disability compensation sufficient to support him and his dependents. He finds himself in the unhappy plight of a man drawing inadequate compensation, entitled to vocational training, but temperamentally unfit for it, and obliged to sit quietly by and wait until the royal bureaucracy shall decide to make a ruling covering these cases or until an apathetic Congress gets ready to change the law.

What sort of consideration is this that leaves a man who has been disabled in the service of his country stranded without the means of subsistence or even the opportunity of helping himself back to civilian life and of once more resuming the duties of citizenship?

At this time let us urgently invoke the proper authorities to give this matter their full attention and speedily arrive at a decision regarding these cases.

#### HOSPITALIZATION.

The grievances of the veterans and their complaints against the system of insurance, compensation, and vocational training, as our evidence shows us, are indeed well based on facts that constitute a severe indictment against the present instrumentality of dealing with our soldiers' problems, one which is severely gross enough to call for a reversal of our methods.

But there is another condition obtaining which I think is even more grievous. It is bad enough to withhold insurance or compensation or vocational training from one who is deserving of it, but it is unthinkable, it is inhuman, to think that we should withhold the proper hospital accommodations from wounded men and incapacitated soldiers and compel them either to remain at home without sufficient care and medical attention or to go into hospitals so crowded, so unclean, so unsanitary, so poorly conducted and managed that they constitute a still greater menace to the welfare of soldiers than their disability.

The care of mental cases has been almost entirely neglected, and, while they are the most serious, the most far-reaching in their effects of all the afflictions due to the war, they have received little attention, and thousands of them are forced to let their illness become aggravated day by day while waiting for the Government to build the hospitals necessary for their care.

It is a sad reflection indeed upon the ingenuity of the present war bureaus that they have been unable to find some buildings in the country that they can convert into hospitals for these men, even if they be in army cantonments, where modern hospitals were built a few years ago at great expense and which are now abandoned.

As the hospitals are to-day, there is in many instances a lack of sanitary accommodations, uncleanness, disorder, and filth. There is an inadequacy of medical aid and advice, a shortage of the most elementary hospital equipment, and a startling absence of discipline and morale.

Even school children know that the cure for tuberculosis is rest, plenty of fresh air, and good food. Without discipline there can be no proper rest, and discipline is almost unknown in many of these hospitals. The per capita boarding-out method means that fresh air, cleanliness, and food is to be subordinated to the making of a fair profit by the keepers of these boarding



hospitals. We should abolish at once this indefensible system of boarding out patients. We do not even pursue such a plan in caring for paupers.

What would you think of a private physician who consigned a tuberculous patient to the stuffy garret of a crowded building managed by a man or woman untrained in medicine, there to remain without fresh air and without sanitary conditions?

What would you think of a private physician who permitted a patient suffering from this disease to stay indoors at his own pleasure? What would you think of a private physician who would order tuberculous patients to be fed under contract at so much per capita? What would you think of a private physician who would send a tuberculous patient to a home for treatment where, with 50 other similarly afflicted patients, the only recreation room was the dining room? What would you think of a private physician who would send a tuberculous patient to a house containing 50 or more patients where there was but one bathtub and absolutely inadequate toilet facilities? What would you think of a private physician who permitted several tuberculous patients suffering from various stages of this disease to eat, sleep, and be housed in practically the same room?

What would you think of a private sanatorium that has no rule or regulation whatever in regard to providing facilities for the cleanliness of body and clothing of its patients?

I have no doubt but what you would not only condemn this physician severely, but you would report him immediately to the local board of health for maintaining an establishment which was a menace to the community in which it was located.

I regret that I have not in my possession some photographs which I requested to be taken showing the interior of some of the rooms where these tuberculous patients are housed. They would, better than anything I can say, give evidence of the limited facilities for light and air, and the presence of even five or more persons sleeping in rooms intended to accommodate one person, or at best not more than two.

I remember very particularly visiting one hospital where I found, not in an attic—that is too attractive a description—but in a trunk attic or storage attic, seven patients. Access to this improvised dormitory necessitated bending the body almost at right angles in order to reach the sleeping apartment from the second floor. There would not be the slightest possibility of a single life being saved from among the seven patients housed in that attic if fire should break out in that house.

Mr. President, I declare, without fear of contradiction, that invalid ex-service men have been and are to-day housed in so-called hospitals under conditions that a self-respecting community would not tolerate its incapacitated criminals to live. Indeed, a comparison with the living conditions which the Government provides for its immigrants at the immigration stations throughout the country and those for our incapacitated service men would be most favorable to the former.

I recall visiting a young lieutenant who was confined in one of these hospitals suffering with tuberculosis. Four months before the time of my visit he had suffered violent hemorrhages and was unable during that period of time to leave his bed. He was in a room with two other patients, both of them seriously sick with that dread disease, but more or less capable of dressing themselves and recreating in the daytime within other parts of the house. The room in which these three persons were housed would be described as a rear servant's room, poorly lighted and very inadequately aired.

The lieutenant related to me a pathetic story. He said that he had been obliged to purchase at his own expense toilet and medical appliances necessary for his case. Further, that his wife, who during the course of his illness gave birth to a child, was obliged to move to the village where the hospital was located and daily go back and forth to him in her weakened condition to give him a bath and administer to his other wants. The alcohol with which she rubbed him they furnished from their own funds; in fact, there was practically no medicine or medical supplies available. When his wife left the hospital nightly he was left without any bell or other means in his room to summon assistance during the nighttime or even to call for a drink of water. He informed me that one of his sick roommates got up frequently during that time and acted as his nurse. And still this very lieutenant was one of the brave boys who fought so valiantly during the war and was promised so much from the gratitude of this Nation. I might add that I was pleased to learn later in talking with some of his home townspeople that the local American Legion had raised enough funds to supply this bedridden lieutenant with a nurse. If officers meet with this kind of treatment in this so-called hospital, what must be the treatment accorded to the ordinary private?

It is interesting to note before passing from the case of this lieutenant that he filed his application for compensation Sep-

tember 24, 1920, and a few days ago—April 21, 1921—upon my inquiry of the Bureau of War Risk Insurance, I was advised that the evidence submitted was not thought sufficient to connect his disability with his military service. The Director of the Bureau of War Risk Insurance wrote me what seems to be an admission of the justice of this claim. I quote:

The records disclose that he was treated one month after his discharge for an acute infection, pulmonary condition, and 21 months thereafter he was treated for tuberculosis. It is therefore my opinion that the tuberculosis is traceable to his acute infectious condition, which was incurred by the claimant subsequent to his discharge from the service, and which was not in any way connected with his service.

This case is only one of hundreds in my files. It is typical of the delay our incapacitated soldiers are enduring and the technical objections made to their compensation claims.

STATEMENT OF YOUNG OFFICER ABOUT CONDITIONS IN HOSPITAL WHERE HE WAS HOUSED.

Before closing the story of this lieutenant in one of the public health hospitals of the country, I quote from his letter which contains facts which he has personally related to me:

Now, Senator, I am not striving to close up this institution. If there is no other place the ex-service men may be cared for, this is better than none at all. On the other hand, I do hope that you will be able to do something, with my help, as I realize that few are able to say, or else they are afraid to say, the real truth. I feel it a duty to myself, also to my comrades, for to me it is a crime and a shame that these men have to put up with such conditions after what the majority of them have been through.

I have divided these facts up into three headings, viz., "Sanitation," "Medical Aid and Advice," "Hospital Equipment." I think it will be easier for you to come to a clearer understanding. I have tried to eliminate the petty complaints and put down only legitimate facts.

#### SANITATION.

Main hospital has 50 patients, besides several of the help. One men's toilet on the upper floor which serves 37 people; one on the lower to serve a like number, which is against the State law.

No hot water for first seven months after institution opened up, and after it was installed it is only hot about two hours a day.

There is no laundry, therefore it is necessary that the men wash their clothes in bath tubs.

It is a known fact that men have gone from two weeks to one month without a bath, some men contracting lice.

Floors washed twice in six months.

Never any disinfectant put on telephones and seldom used in toilets. Rooms never disinfected.

Expectoration boxes seldom collected and left lying around.

Dishes not properly sterilized.

Only one sheet, one pillow case, and one towel issued weekly, one sheet being used two weeks for bed patients.

Sweeping neglected some days. Dust collector seldom used.

#### MEDICAL AID AND ADVICE.

No lectures of any kind given to men on tuberculosis.

No instructions as to proper care of yourself.

Bed patients frequently asked to get up when they should be in bed.

Hard to get medicine for coughs and other ailments; patients frequently buying their own and seeking outside aid.

Examinations very meager.

No urine or blood tests, etc., ever taken.

Physician in charge left hospital five days without a physician; outside physician calling only once a day.

Mr. POMERENE. Who is the officer in charge of that hospital?

Mr. WALSH of Massachusetts. This is one of the boarding-out hospitals. There is no officer.

Mr. POMERENE. Somebody is responsible for that condition.

Mr. WALSH of Massachusetts. The Public Health Service, of course. The Public Health Service has made contracts with private individuals, I believe, some of them not even physicians, to assume the boarding of tuberculous patients at \$3 per day, and this is a hospital where a man is accepting boarders sent to him from the public health physicians, and receives \$3 per day for their care.

Mr. POMERENE. If any officer is responsible for that, he ought to be court-martialed.

Mr. WALSH of Massachusetts. The letter continues:

#### HOSPITAL EQUIPMENT.

Not enough help.

No nurse, attendant, or orderly throughout the night.

Days during the winter when there was no coal for furnace in the hospital.

Never any ice on hand during the winter months. Hemorrhage patients who needed ice being forced to use it out of an ice-cream freezer which was left at the hospital after a party.

Patients forced to buy their own equipment, such as bedpans, ice caps, hot-water bags, temperature sticks, drinking tubes, etc.

Patients forced to sit on boxes at dining table at different intervals.

Second-grade milk and eggs used.

No basins large enough to give bed patients a bath.

No bells to summon help in sleeping rooms.

Men in bed would suffer greatly if it were not for outside assistance of relatives.

Oftentimes it is hard to get sputum boxes, there being none available.

I refer to another hospital which I visited which has recently been changed over from being a boarding hospital to a public hospital. The officer in charge informed me that had last winter been a cold winter the men would have frozen in

their beds, because the building which they used had no cellar and no basement of any kind, simply being a summer hotel or summer boarding house; indeed, not a hotel. This particular building is now being conducted by a Public Health Service officer, whom I found in the last few weeks very much interested in the work, and very anxious to improve previously existing conditions. He had already made many beneficial improvements. He said the hospital was bought from the Red Cross, which I understood had previously conducted it. I asked what the purchase price was or the lease price.

Mr. POMERENE. Bought by whom?

Mr. WALSH of Massachusetts. It was leased by the Government through the Public Health Service. I asked the rental price paid under the lease and also asked for the optional purchase price. The Government is paying to-day for that second-class camp boarding house \$6,000 a year rental. The optional price for the purchase of it is \$50,000. I went to the assessor's office in the village near by, and found that the whole property is assessed at \$10,000. The Government is paying per annum \$6,000 rental for property which is assessed at only \$10,000.

Mr. POMERENE. May I ask, in order to make that a little more clear, whether the law of Massachusetts requires that property shall be assessed according to its actual value in money?

Mr. WALSH of Massachusetts. Yes; and property is in many instances assessed at more than its actual value.

The situation disclosed by personal visits was such that I was anxious to get the impression a visit to these hospitals would make on others. There may be in Ohio or Texas or Wyoming some first-class institutions, but Massachusetts has boasted of its health laws and has boasted that it was the first State in the Union to have a State board of health. It boasts of its splendid health department and of the training and education given in its schools and hospitals in matters of sanitation and health. I was astonished to find in my own State the conditions which I am describing to you.

I therefore asked a general in the active service of the United States Army to visit some of these institutions. I quote in part from a letter which he has written me on the subject—

Mr. LA FOLLETTE. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Will the Senator make clear for the RECORD why these ex-service men are not in Government hospitals and immediately under the care of the Government?

Mr. WALSH of Massachusetts. It is very difficult to explain. I can not explain it except the officials will state that they have not been able to get the assistance, that they have not been able to get the equipment, that they have not been able to get the location and the buildings, so they have gone out into the country and found persons who had private houses that would accommodate 25 or more people. In fact, some of these so-called hospitals are houses built to accommodate a family of about 8 people, and they have about 40 patients in them. The agents of the Government would make a contract with the proprietors of such houses to board the patients at so much per capita. They say they can not get good locations. You know and I know how people all over the country were vying with each other during the war to give for the service of our country and for hospital purposes the finest estates in the land.

Mr. POMERENE. Let the RECORD show, if the Senator has the information, who the officer was that made the contracts for the alleged care of these soldiers.

Mr. WALSH of Massachusetts. The officer, of course, was the public health official for the New England district located in Boston.

Mr. POMERENE. That is, the Federal officer?

Mr. WALSH of Massachusetts. The Federal officer, of course.

Mr. POMERENE. What is his name?

Mr. WALSH of Massachusetts. I do not know his name. It is a matter that can be very easily determined. I am not criticizing individuals as much as I am the system.

Mr. POMERENE. That matter ought to be pursued to the end.

Mr. WALSH of Massachusetts. In fact, these officers are frequently changed and I would not want to attempt to name the man who made contracts months ago, because these so-called hospitals have been in operation for some time. I could not say who the officer was that made each contract, but it is a matter very easy to determine.

I wish to suggest, and I hope the Senator will agree with me, that the whole subject is one that should be investigated by the Senate. A committee should go to these hospitals and to these men and talk to them, and see for themselves what the

conditions are and the extent of disaffection. We, Members of this Congress, should investigate conditions at once and give assurance to the country that we do not purpose to see this neglect continued.

Mr. POMERENE. I agree with the Senator from Massachusetts. The conditions exist in these hospitals, and I have no doubt about it, otherwise the Senator would not have described them as he has. I agree with him that there ought to be this investigation, but we have connected with the Army an inspection service as well as the Public Health Service, and it would seem to me that there has been serious neglect not only on the part of the Health Service but on the part of the inspection service.

Mr. WALSH of Massachusetts. I will say to the Senator that I am glad he asked the question, because it recalls to me a fact I have overlooked. After visiting some of the hospitals I communicated with the chief official of the Public Health Service in Boston asking him to give me the names and locations of all the hospitals in New England and the number of patients in each; and in answer he gave the information, and he pointed out in his letter that certain hospitals were unsatisfactory and that these were to be discontinued.

The hospitals are still in existence and the conditions are still the same, but they do claim that they are going to make some changes in some of the hospitals. If I found in Massachusetts the condition that I have described in these hospitals I do not know what must be the conditions in the northern part of the State of Maine, in New Hampshire and Vermont, and out in the West far away from the centers of population.

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Does the Senator from Massachusetts yield to the Senator from Wisconsin?

Mr. WALSH of Massachusetts. Certainly.

Mr. LA FOLLETTE. Will the Senator state how many of these hospitals there are in Massachusetts such as he has been describing?

Mr. WALSH of Massachusetts. There are 42 contract hospitals in Massachusetts and 69 in New England. Of course, I assume many of them are well operated.

Mr. LA FOLLETTE. The hospitals are rented and under contract by some official of the Federal Government?

Mr. WALSH of Massachusetts. Some hospitals are under contract, though not all of them. There are some hospitals which the Government conducts, but there are other hospitals which I call boarding hospitals, where they board at \$3 per capita nervous and tuberculous patients, and where there is of necessity a desire upon the part of the owner or director of the institution to make something out of that \$3.

Mr. LA FOLLETTE. Is there no supervision, no visitation of these boarding hospitals by the Federal officers who are responsible for the conduct of them?

Mr. WALSH of Massachusetts. Yes; there are visits made by the officers.

Mr. LA FOLLETTE. So that the Federal officials are cognizant of the situation?

Mr. WALSH of Massachusetts. Oh, there is no doubt about it. I quote here what an Army general said who visited these hospitals:

What was in evidence was a generally prevalent discontent. This discontent, so the men told me, came from a lack of good food. They stated that the food was not as good as they got in the Army from their ordinary rations, although the Government was paying \$3 a day for their board. It seemed to me a great source of discontent was due to the idleness of the men. Nothing to do, nothing much to interest them. Patients should be employed, kept interested and entertained according to their capabilities. . . . They were bolshevik in their talk and disloyal in their sentiments toward the Government. The morale tone of the place was all wrong. It seemed to me that a young man, otherwise well intentioned, really needing care and attention, would soon develop tendencies which would injure him in life very materially.

It seems to me what these men need is an assurance that every meal would be at least as good as he would get in the military service.

Give them helpful surroundings, good food, good nurses, good hospital attendance, and very shortly all this talk and lack of care for our soldiers of the war would not only have no basis of fact but would absolutely cease.

I have been surprised at the extent to which the press has been commenting on the subject. Here is a comment made by one of the largest publishers of the country in a recent edition of his newspaper:

I think the most important thing in America to-day is the relief of these soldiers. They are allowed to "rot," we might say, without any interest on the part of the people or Government.

You can get contributions for Armenia or any kind of an out-of-the-way place in the world, but you can not get anything for our American soldiers. It is unbelievable and incomprehensible. I can not understand what animates people to give to these foreign nations and not give to our own, especially to these boys who sacrificed everything for their country—and above all to the boys who are physically unable to take care of themselves.



Another publication says:

Not niggardliness but mismanagement is behind the fact that thousands of our disabled soldiers of the Great War are still waiting, exploited, neglected, forgotten, for the draft of honor to be redeemed.

Mr. President, this is the pathetic story of our wounded and disabled war heroes. It is humanly impossible to tell it fully, so great is the extent and so horrible the nature of the neglect. I shall no longer presume upon the time of the Senate to continue enumerating the abuses to which the ex-soldiers have been victims; conditions I have outlined speak for themselves.

But I do want to lay stress on the urgency of quick action in these matters. The boys who came to the service of this Nation in the days of war constitute the bravest and the noblest types of citizenship. They are symbols of the strength, the vitality, the greatness of this country. From their fine example of service to a cause and sacrifice for an ideal the generations to come will draw their moral precepts. In their hands rest the power of molding the future character of the Nation; for them the task of enriching American ideals. It is their function—and no one can perform it better than they who were willing to die in the name of this glorious Republic—to keep democratic forms true to the purpose of their creation. It is their duty to hold the torch of patriotism aloft and inspire the youth to come with love for God and country.

We can not turn ourselves against the welfare of such a force for good; we must extend to it every help and every privilege within our power. Above all we should assure these men that this country is mindful of what they have done, of what they have given; and that we intend to see justice for them. For if we further neglect their needs and deny them deserved gratitude for what they have so nobly achieved, then we shall destroy their confidence in this Government, and the staunchest and most responsive arm of the national faith shall vanish and be gone.

Mr. President, I am sending to the desk several remedial bills that I introduce concerning the matters I have just discussed, and I trust they will receive quick and favorable attention. I ask that the bills may be read by their titles.

The bills were severally read twice by their titles and referred to the Committee on Finance, as follows:

A bill (S. 1291) to provide for the payment of term war-risk insurance in lump sum in certain cases;

A bill (S. 1292) to further extend the benefits of the war risk insurance act to the beneficiaries of those who served in the World War in certain cases;

A bill (S. 1293) to further extend the benefits of the war risk insurance act to those who served in the World War and whose insurance has lapsed;

A bill (S. 1294) to modify the requirements of proof of incapacity under the war risk insurance act; and

A bill (S. 1295) to repeal the time limit provision for filing and allowing incapacity compensation claims under the war risk insurance act.

Mr. POMERENE. Mr. President, the Senator from Massachusetts stated a moment ago that he contemplated presenting a resolution asking for an investigation by the Senate of the matters referred to by him. May I ask whether he has prepared such a resolution?

Mr. WALSH of Massachusetts. I have not prepared such a resolution in connection with the bills which I have introduced, but I have one now in process of preparation.

Mr. POMERENE. Mr. President, I hope such a resolution will be immediately submitted. The investigation which the Senator's resolution contemplates ought not to be delayed until to-morrow, but it ought to go on to-day. [Applause in the galleries.]

The PRESIDING OFFICER rapped with his gavel.

#### PEACE WITH GERMANY AND AUSTRIA-HUNGARY.

Mr. LODGE. Mr. President, Senate joint resolution No. 16, in regard to peace with Germany and Austria-Hungary, which has been reported from the Committee on Foreign Relations, and is known as the Knox resolution, is before the Senate. I have had no notice that any Senator on this side of the Chamber desires to speak on the joint resolution. If there be any Senators on the other side of the Chamber who desire to speak upon the resolution, I hope they will do so, for I am anxious to get the resolution disposed of as soon as possible, in order to clear the way for the consideration of the emergency tariff bill. If there is no Senator who is now ready to proceed with the discussion of the joint resolution—

Mr. UNDERWOOD. Mr. President, as I stated to the Senator from Massachusetts this morning in a private conversation, I do not think there will be any attempt to delay action on the pending joint resolution, but I understand there are several

Senators on this side of the Chamber who desire to address the Senate on the subject. Aside from that, the Senator from Nebraska [Mr. HITCHCOCK], who is the senior Democrat on the Foreign Relations Committee, is unavoidably detained from the city on account of business and will not return until to-morrow. For these reasons, we are not now prepared for a vote on the joint resolution and should like to have the matter go over. I think if the Senator from Massachusetts is willing to be patient with us for a day or two we shall be prepared to vote upon the joint resolution.

Mr. LODGE. Of course, I am entirely ready to do that, and I am sure Senators on the other side will be ready to enable us to reach a vote as soon as possible.

Mr. UNDERWOOD. Of course, we are opposed to the joint resolution, as I think a large majority of Senators on this side of the Chamber will be opposed to the emergency tariff bill. When that bill comes before the Senate we expect to have an opportunity to express our opposition to it, but there is no desire for any undue delay. When Senators on the other side of the Chamber are prepared to report the emergency tariff bill I think we shall aid the Senator from Massachusetts in expediting a vote on the pending resolution, in order that the emergency tariff bill may be taken up without delay.

Mr. LODGE. Then, Mr. President, I ask that the joint resolution be temporarily laid aside.

There are several bills which Senators desire to have considered. I have one or two small bills myself which have been reported from the Committee on Foreign Relations which I shall be glad to have disposed of. After that shall have been done we may have an executive session, as there are two treaties, to which there is no opposition, which ought to be disposed of.

The PRESIDING OFFICER. Without objection, at the request of the Senator from Massachusetts, the joint resolution will be laid aside.

#### OWNERSHIP OF FOREIGN OIL COMPANIES.

Mr. LODGE. Mr. President, in speaking on the Colombia treaty I made certain statements in regard to the oil industry and the ownership of certain oil companies. I did so on information from the department, which I believed to be accurate, and which I am not yet sure is not accurate in a measure; but I have received a letter from Gen. Avery D. Andrews, who represents the Royal Dutch and the Shell Transport Co. combination, who thinks that some of the statements were incorrect. I ask that his letter to me on that subject—it is not necessary to read it—be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

NEW YORK, April 27, 1921.

Hon. HENRY CABOT LODGE,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: My attention has been called to your speech in the United States Senate upon the Colombian treaty, as reported in the CONGRESSIONAL RECORD of April 12, and particularly to your statement that the control of the Royal Dutch-Shell group is vested in the British Government. Before discussing this statement I wish to briefly point out that the interests to which you refer consist of two entirely separate and distinct corporations, as follows:

One is the "Koninklijke Nederlandsche Maatschappij tot Exploitatie van Petroleumbronnen in Nederlandsche Indie," which translated means "The Royal Dutch Co. for the Working of Petroleum Wells in Netherlands India," and is commonly known as the "Royal Dutch Co." This company is organized under the laws of the Netherlands, with its headquarters at The Hague. Its charter requires that all of its three directors and a majority of its seven commissaries shall be Dutchmen or domiciled in the Netherlands. The shares of the company are largely owned by and the control is vested in citizens of the Netherlands, although many thousands of shares are owned by American citizens.

The other company is "The Shell Transport & Trading Co.," a corporation organized and existing under the laws of the United Kingdom, with its headquarters in London, and commonly called the "Shell Co." Its shares are owned chiefly by and the control of the company is vested in British citizens, although many thousands of its shares are also owned by American citizens. It is as to this company that allegations of control by the British Government have frequently been made, and invariably denied, both by the company itself and by the British Government.

These two companies are holding companies only. They jointly own many subsidiaries which are actively engaged in the petroleum business, the usual division being a 60 per cent ownership by the Royal Dutch Co. and 40 per cent by the Shell Co. My own official position is that of chairman of the boards of directors of the several American subsidiaries and the chief legal adviser of the group in America.

With these preliminary statements as to the corporate structure of the group and my own connection therewith I will now refer particularly to your statement in the Senate, as follows:

"Mr. Chamberlain announced the other day in the House of Commons that England still controlled the Anglo-Persian Co. and England also controls the Royal Dutch and Shell Transport combination, whose holdings are exhibited in the table"—

and to your various statements stating that such control is vested in the British Government. In this connection I invite your attention to

the following cable, which I have just received from Hendrikus Colijn, Esq., managing director of the Royal Dutch Co., dated London, April 21, reading as follows:

"Authorize you state publicly and officially that the British Government have not and never have had any interest, direct or indirect, in either the Shell Transport & Trading Co. or the Mexican Eagle Co."

In response to my inquiry why the name of the Royal Dutch Co. had been omitted from the foregoing cable, I have received a further cable from Mr. Colijn, dated London, April 22, 1921, as follows:

"Can not add Royal Dutch Co. to exact wording our cable to you of April 21, because during war, to maintain florin exchange, British Government requisitioned many Royal Dutch shares of British private ownership, just as, to maintain dollar exchange, they requisitioned American shares of British private ownership."

"Royal Dutch shares were in due course sold for this purpose, and to-day British Government have no interest, direct or indirect, in Royal Dutch."

"You may embody this statement, publicly and officially, in any other statements you are making."

From a careful reading of your statement above quoted, it is possible that you have understood that Mr. Chamberlain's announcement referred to the Royal Dutch-Shell group; but the facts are that his statement referred to the Anglo-Persian Co. only, as shown by the following official quotation of his remarks:

"Viscount Curzon asked the chancellor of the exchequer how many shares the British Government now holds in the Anglo-Persian Oil Co.; what is the present value of the shares; for how long the Government will retain this holding in shares; if it is the intention of the Government to dispose of the shares in any way; and, if so, what action they propose to take?"

"Mr. CHAMBERLAIN. His Majesty's Government holds in the Anglo-Persian Oil Co. 5,000,000 ordinary shares, 1,000 preference shares, and 199,000 debentures. There is no market quotation for the ordinary shares. The Government has no intention of disposing of its holding."

The Royal Dutch-Shell group, through its subsidiaries, has for some years purchased and marketed certain petroleum products from the Anglo-Persian, just as it purchases such products from many other companies, including the Standard Oil group, the Texas Co., the Union, Sinclair, Gulf, and many other companies. The official report of the discussion in the House of Commons on this Anglo-Persian contract is as follows:

"Viscount Curzon asked the prime minister whether he will state the terms of the contract under which the Anglo-Persian Oil Co., in which the British Government has a controlling interest, agrees to supply the Shell Oil Co. with its produce until the end of the year?"

"Sir H. GREENWOOD. I regret that I am unable to disclose the terms of commercial contracts entered into by the Anglo-Persian Oil Co. This particular contract, as I have previously stated, was concluded in 1912 before His Majesty's Government acquired an interest in the company."

"Sir J. D. REES. Is it not the case that when the contract was entered into there was absolutely no other means of marketing the oil which was so much required?"

"Sir H. GREENWOOD. The answer to the second supplementary question of the honorable gentleman (Sir J. D. Rees) is, in the main, correct. The Government took control over the company in 1914 and agreed that it would not interfere with the commercial contracts of the company; therefore I am not in a position to disclose them."

This contract expires in 1922, and Sir Charles Greenway, chairman of the Anglo-Persian Oil Co., has publicly stated that his company proposes to market its own products in the future, and that facilities for that purpose are being created."

There have been several references in the House of Commons to the alleged story of control of this group by the British Government. The following is an extract of an official report during April, 1920:

"Sir W. Joynson-Hicks asked the chancellor of the exchequer whether the Government have had frequent opportunities of acquiring a controlling interest in the Royal Dutch-Shell Co.; and, if so, why they refused to enter into an arrangement which, as in the case of the Anglo-Persian Oil Co., would ultimately prove of great advantage to the national interests?"

"Mr. CHAMBERLAIN. I am not aware that this Government or its predecessors have had any opportunity of acquiring a controlling interest in the Royal Dutch-Shell group in any way comparable with the interest obtained in the Anglo-Persian Oil Co."

A few days later the following statement appears in the official record:

"Sir W. Joynson-Hicks asked the prime minister whether the Government is in negotiation with the Shell group of oil companies in reference to a purchase of control; and, if so, whether he can make any statement?"

"Mr. CHAMBERLAIN. The answer to the first part of the question is in the negative; the second part does not therefore arise."

As stated in Mr. Colijn's cable of April 22, the British Government did, during the war, acquire certain shares of the Royal Dutch Co. for exchange purposes. These shares were acquired in precisely the same manner as bonds and shares of American and other foreign corporations were acquired, and for the purpose of stabilizing exchange between Great Britain, the United States, Holland, and other neutral and allied countries. These shares were acquired for no other, and express purpose of maintaining Dutch exchange, and for no other, and were all disposed of in due course. The following is an official quotation from the record of the House of Commons of February 16, 1920:

"Mr. DAVES asked the prime minister whether he will say how many shares of the Royal Dutch Petroleum Co. were expropriated by the Government in 1917; what is the capital appreciation of the shares on their value on February 10, 1920; what amount has been paid in dividends since the shares were taken over; whether the Government is officially represented on the board of direction of the company; if so, whether the representative reported the proposed increase in the price of petrol to the Government, and whether he received instructions to approve of such increase or otherwise?"

"The chancellor of the exchequer (Mr. Chamberlain): In connection with the support of the foreign exchanges, shares to the nominal value of 5,323,100 florins in the company were requisitioned in November, 1917, at the current market price of £51 per subshare of 100 florins. All these shares have long ago been sold for the purpose for which they were bought, and no dividends are received on them. I understand the shares now stand at £89. The answer to the fourth part of the question is in the negative, and the remainder does not arise."

There are many other statements in your speech concerning the Royal Dutch-Shell Group as to which you have evidently been given

inaccurate information; but I trust that this letter will be accepted as final and conclusive proof of the fact that the British Government does not own or control the Royal Dutch-Shell Group and has no interest therein, direct or indirect.

Inasmuch as your statement was made in a formal speech before the United States Senate, and thus given the great prestige and publicity which your official utterances always command, I respectfully request that, in justice to the companies which I represent and their many American shareholders, this letter be given the same publicity by being read upon the floor of the Senate and published in the CONGRESSIONAL RECORD.

Thanking you in advance for your courteous attention to this request and to the statements herein contained, and holding myself entirely at your service to furnish you with any additional information in my power, I am,

Very sincerely, yours,

AVERY D. ANDREWS.

#### CENTENNIAL OF THE INDEPENDENCE OF PERU.

Mr. LODGE. I ask unanimous consent to take from the calendar and to have considered at this time the joint resolution (S. J. Res. 34) creating a commission to represent the United States in the celebration of the first centennial of the proclamation of the independence of the Republic of Peru. The action proposed by the joint resolution was asked for by the last administration, and the request has been renewed by the present administration. A reading of the joint resolution at the desk will inform the Senate what it is.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution, which was read, as follows:

*Resolved, etc.*, That a commission is hereby created, consisting of six members and a secretary, to be appointed by the President of the United States, to represent the United States in the celebration of the first centennial of the proclamation of the independence of the Republic of Peru in said Republic during the month of July, 1921.

That to meet the expenses of the commission the sum of \$15,000 be, and is hereby, appropriated, out of any money in the Treasury not otherwise appropriated, to be expended at the discretion of the Secretary of State.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### FOREIGN DEPOSITARIES OF PUBLIC MONEYS.

Mr. McLEAN. I ask unanimous consent for the immediate consideration of Senate joint resolution No. 7, authorizing the Secretary of the Treasury to designate depositaries of public moneys in foreign countries. I will state that this is a measure which was passed by the Senate at the last session, but failed to pass the House. It was introduced again at the request of the Secretary of the Treasury.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 7) authorizing the Secretary of the Treasury to designate depositaries of public moneys in foreign countries and in the Territories and insular possessions of the United States, which was read, as follows:

*Resolved, etc.*, That the Secretary of the Treasury may designate such depositaries of public moneys in foreign countries and in the Territories and insular possessions of the United States as may be necessary for the transaction of the Government's business, under such terms and conditions as to security and otherwise as he may from time to time prescribe.

The joint resolution was reported to the Senate without amendment.

Mr. KING. Mr. President, I desire briefly to call attention to a matter not relevant, however, to the bill now before the Senate. We have heard a great deal of late concerning "lobbies and lobbyists," and the efforts of various organizations to secure legislation at the hands of Congress. There is no question but what there are many organizations and interests represented in Washington, and it is true that those representing them are exerting their influence to secure or prevent legislation. I do not intend at this time to detain the Senate by a discussion of the rightfulness or the impropriety of organizations, industries, and interests in maintaining at Washington one or more agents and representatives for the purpose of influencing congressional action. Of course, individuals, corporations, or sections are entitled to be heard when legislation affecting them is under consideration; but unquestionably there have been improper methods employed in the past to secure and to prevent legislation; and I have no doubt but what selfish interests will appear during this session of Congress and exert every possible effort to secure favorable legislation. Whenever tariff bills are projected, industries which have been the beneficiaries of tariff legislation have usually besieged the halls of Congress and brought powerful influences to bear to secure the enactment of legislation which would be favorable to them.



Unfortunately there are organizations which utilize every avenue possible to influence public sentiment in their behalf, and oftentimes conventions and meetings of an educational or fraternal or social character are converted into instrumentalities to further the propaganda or selfish business interests in our country.

Recently the Daughters of the American Revolution convened in this city. This convention of splendid American women became the advertising vehicle of an industry in the United States which many believe to be a monopoly. I read from a recent issue of the Evening Star, which describes the resolution adopted in behalf of the dye industry. It is as follows:

Importation of German dyes into the United States was formally opposed to-day at the thirtieth congress of the Daughters of the American Revolution, in session at the Continental Memorial Hall here.

The resolution acted upon by the congress formally indorsed the movement for an embargo against the importation of these German products.

Renewed importation of German dyes, the resolution read, will not only impede the recently discovered American industry, but "will greatly interfere with domestic chemical research under the United States Chemical Warfare Service."

The resolution was introduced this morning by Miss Janet Richards, was favorably reported by the resolutions committee, and adopted without a dissenting vote.

I hope that corporations engaged in the manufacture of dyes in the United States did not inspire the convention to take the course referred to in the article which I have just read. The D. A. R. organization enjoys the respect and admiration of the American people, and it is a matter of sincere regret that it has wittingly or unwittingly become a propagandist of the dye-stuffs interests of the United States. If this society or other societies organized for patriotic, educational, or social purposes permit themselves to be used for propaganda purposes or to support or oppose economic and political policies of a controversial nature, they will lose their influence and cease to be regarded with respect and, indeed, affection by the great mass of the American people.

It is unfortunate that the resolution which was adopted was offered, and it is still more unfortunate that it was adopted, and if it shall appear that the proponents of the resolution or those who were responsible for its submission or adoption were influenced by representations upon the part of the dye industry of the United States, then the course pursued calls for severe criticism and, indeed, strong condemnation. There are many in the United States who believe that the dye industry in the United States constitutes a monopoly and that improper efforts have been made by those interested in the industry to influence public sentiment and to promote unjust and iniquitous legislation. In my opinion the dye industry is a monopoly; it is the beneficiary of a high tariff and is taking advantage of the situation resulting from the war to mislead the American people and to secure legislation which will strengthen its power and give it absolute control over the domestic market.

I am in receipt of a letter from a distinguished American citizen in which he expresses his view concerning this propaganda, and it is so pertinent to the subject that I desire to read it:

DEAR SENATOR: The inclosed clipping is from the Evening Star of this date, and illustrates the extent to which a huge monopoly will go in utilizing influences to aid it in legislating to perpetuate its clench upon the throats of the American consumer. But I never thought it possible that the D. A. R. would lend itself to such a cause.

The American dye industry is now in the grip of two huge concerns, of which the Du Pont is one. Its export trade is larger than the German export trade to America ever was. Its exports are also greatly increasing. Its duties are very high. They were drawn by and for the industry. There is no menace of German importations, and if there were the American monopoly can care for itself, as it well knows. But protection to everybody and everything, with continued high prices to the consumer, is the policy, and the Daughters of the American Revolution has become the agency for its bombardment of the American Congress. What a spectacle!

There are many persons who share the views of the writer of this letter, and they will regret the action of the convention and feel that it has been imposed upon and has sought to lend its influence to an ignoble end.

The VICE PRESIDENT. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

#### EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 35 minutes spent in executive session the doors were reopened, and (at 3 o'clock and 16 minutes p. m.) the Senate adjourned until to-morrow, Thursday, April 28, 1921, at 12 o'clock meridian.

#### CONVENTION WITH GREAT BRITAIN.

In executive session this day the following convention was ratified, and, on motion of Mr. LODGE, the injunction of secrecy was removed therefrom:

To the Senate:

I transmit herewith, to the end that I may receive the advice and consent of the Senate to its ratification, a supplementary extradition convention between the United States and Great Britain, signed January 15, 1917, making willful desertion or willful nonsupport of wife or children extraditable offenses where, the offense having been committed in the United States or in the Dominion of Canada, the person charged with the offense is found in the Dominion of Canada or in the United States, respectively.

WOODROW WILSON.

THE WHITE HOUSE,

Washington, January 31, 1917.

The President:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate, if he approve thereof, to receive the advice and consent of that body to its ratification, a supplementary extradition convention between the United States and Great Britain making willful desertion or willful nonsupport of wife or children extraditable offenses where, the offense having been committed in the United States or in the Dominion of Canada, the person charged with the offense is found in the Dominion of Canada or in the United States, respectively.

Respectfully submitted.

ROBERT LANSING.

DEPARTMENT OF STATE,

Washington, January 30, 1917.

The President of the United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the seas, Emperor of India, being desirous of enlarging the list of crimes on account of which extradition may be granted under the conventions concluded between the United States and Great Britain on the 12th July, 1889, and the 13th December, 1900, and the 12th April, 1905, with a view to the better administration of justice and the prevention of crime, have resolved to conclude a supplementary convention for this purpose and have appointed as their plenipotentiaries, to wit:

The President of the United States: The Hon. Walter Hines Page, ambassador extraordinary and plenipotentiary of the United States at the Court of His Britannic Majesty; and

His Britannic Majesty: The Right Hon. Arthur James Balfour, member of the Order of Merit, a member of Parliament, His Majesty's principal secretary of state for foreign affairs;

Who, after having communicated to each other their respective full powers, which were found to be in due and proper form, have agreed to and concluded the following articles:

#### ARTICLE 1.

The following crimes are, subject to the provision contained in article 2 hereof, added to the list of crimes numbered 1 to 10 in the first article of the said convention of the 12th July, 1889, and to the list of crimes numbered 11 to 13 in article 1 of the supplementary convention concluded between the United States and Great Britain on the 13th December, 1900, and to the list of crimes numbered 14 to 15 in article 1 of the supplementary convention concluded between the United States and Great Britain on the 12th April, 1905, that is to say:

16. Willful desertion or willful nonsupport of wife or children.

#### ARTICLE 2.

The operation of the present convention is confined to cases in which the offenses mentioned in the preceding article having been committed in the United States or in the Dominion of Canada, the person charged with the offense is found in the Dominion of Canada or in the United States, respectively.

#### ARTICLE 3.

The present convention shall be considered as an integral part of the said extradition conventions of the 12th July, 1889, and the 13th December, 1900, and the 12th April, 1905, and the first article of the said convention of the 12th July, 1889, shall be read as if the lists of crimes therein contained had originally comprised the additional crimes specified and numbered 16 in the first article of the present convention, subject to the provision contained in article 2.

The present convention shall be ratified, and the ratifications shall be exchanged either at Washington or London as soon as possible.

It shall come into force 10 days after its publication in conformity with the laws of the high contracting parties, and it shall continue and terminate in the same manner as the said convention of the 12th July, 1889.

In testimony whereof the respective plenipotentiaries have signed the present convention in duplicate, and have thereunto affixed their seals. Done at London, this 15th day of January, 1917.

[SEAL.]  
[SEAL.]

WALTER HINES PAGE.

ARTHUR JAMES BALFOUR.

IN EXECUTIVE SESSION,  
SENATE OF THE UNITED STATES.

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive A. of the Sixty-fourth Congress, a convention between the United States and Great Britain, signed January 15, 1917, making the willful desertion of wife or children in the United States and Canada an extraditable offense, with the following amendments:

In article 1 strike out the words "wife or" and before the word "children" insert the words "minor or dependent."

## TREATY WITH SIAM.

In executive session this day the following treaty was ratified, and, on motion of Mr. LODGE, the injunction of secrecy was removed therefrom:

To the Senate:

With a view to receiving the advice and consent of the Senate to their ratification, I transmit herewith a treaty concluded between the United States and Siam on December 16, 1920, revising the treaties theretofore existing between the two countries, and a protocol signed the same day, which is attached to and made a part of the treaty.

I also inclose, for the information of the Senate in connection with the treaty, copies of notes exchanged between the Siamese minister and the Acting Secretary of State at the time of the signature of the treaty.

WOODROW WILSON.

THE WHITE HOUSE,  
December 23, 1920.

The PRESIDENT:

The undersigned, the Acting Secretary of State, has the honor to lay before the President, with a view to their transmission to the Senate to receive the advice and consent of that body to their ratification, a treaty concluded between the United States and Siam on December 16, 1920, revising the treaties theretofore existing between the two countries, and a protocol, signed on the same day, annexed to the said treaty and made a part thereof.

The undersigned also recommends that the inclosed copies of notes exchanged at the time of the signature of the treaty be also communicated to the Senate for its information.

Respectfully submitted.

ALVEY A. ADEE.

DEPARTMENT OF STATE,  
Washington, December 21, 1920.

*Treaty between the United States and Siam revising existing treaties.*

The President of the United States of America and His Majesty the King of Siam being desirous of strengthening the relations of amity and good understanding which happily exist between the two States, and being convinced that this can not be better accomplished than by revising the treaties hitherto existing between the two countries, have resolved to complete such revision, based upon the principles of equity and mutual benefit, and for that purpose have named as their plenipotentiaries, that is to say:

The President of the United States of America: Norman H. Davis, Acting Secretary of State of the United States;

His Majesty the King of Siam: Phya Prabha Karavongse, Envoy Extraordinary and Minister Plenipotentiary of Siam to the United States;

Who, after having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following articles:

## ARTICLE I.

There shall be constant peace and perpetual friendship between the United States of America and the Kingdom of Siam. The citizens or subjects of each of the high contracting parties shall have liberty to enter, travel, and reside in the territories of the other, to carry on trade, wholesale and retail, to engage in religious, educational and charitable work, to own or lease and occupy houses, manufactories, warehouses and shops, to employ agents of their choice, to lease land for residential, commercial, religious and charitable purposes, and for use as cemeteries, and generally to do anything incident to or necessary for trade upon the same terms as native citizens or subjects, submitting themselves to the laws and regulations there established.

They shall not be compelled under any pretext whatever to pay any internal charges or taxes other or higher than those that are or may be paid by native citizens or subjects.

The citizens or subjects of each of the high contracting parties shall receive, in the territories of the other, the most constant protection and security for their persons and property and shall enjoy in this respect the same rights and privileges as are or may be granted to native citizens or subjects, on their submitting themselves to the conditions imposed upon the native citizens or subjects.

They shall, however, be exempt in the territories of the other from compulsory military service, either on land or sea, in the regular forces or in the National Guard or in the militia; from all contributions imposed in lieu of personal military service and from all forced loans or military exactions or contributions.

The citizens and subjects of both of the high contracting parties shall enjoy in the territories and possessions of the high contracting parties entire liberty of conscience and, subject to the laws, ordinances, and regulations, shall enjoy the right of private or public exercise of their worship.

## ARTICLE II.

The dwellings, warehouses, manufactories, and shops, and all other property of the citizens or subjects of each of the high contracting parties in the territories of the other, and all premises appertaining thereto used for purposes of residence or commerce, shall be respected. It shall not be allowable to proceed to make a domiciliary visit to, or a search of, any such buildings and premises, or to examine or inspect books, papers, or accounts, except under the conditions and with the forms prescribed by the laws, ordinances, and regulations for nationals.

## ARTICLE III.

There shall be reciprocally full and entire freedom of commerce and navigation between the territories and possessions of the two high contracting parties.

The citizens or subjects of either of the high contracting parties shall have liberty freely and securely to come with their ships' cargoes to all places, ports, and rivers in the territories of the other, which are or hereafter may be opened to foreign commerce and navigation; except as regards spirituous, distilled, or fermented drinks or alcoholic liquors or alcohol, and opium and the derivatives thereof, and cocaine, heroin, and other narcotic drugs, included within the scope of

the international opium convention signed at The Hague, January 23, 1912, and arms and ammunition, the trade in all of which may, subject to the principle of most-favored nation treatment, be regulated and restricted at will by each of the high contracting parties within its territories and possessions, the sale and resale, by any person or organization whatsoever, of goods which are the produce or manufacture of one of the high contracting parties, within the territories and possessions of the other, shall be exempt from all governmental restrictions and limitations designed or operating to create or maintain any monopoly or "farm" for the profit either of the Government or of a private individual or organization.

## ARTICLE IV.

The citizens or subjects of each of the high contracting parties shall have free access to the courts of justice of the other in pursuit and defense of their rights; they shall be at liberty, equally with the native citizens or subjects, and with the citizens or subjects of the most favored nation, to choose and employ lawyers, advocates, and representatives to pursue and defend their rights before such courts. There shall be no conditions or requirements imposed upon American citizens in connection with such access to the courts of justice in Siam which do not apply to native citizens or subjects or to the citizens or subjects of the most favored nation.

## ARTICLE V.

Limited liability and other companies and associations, already or hereafter to be organized in accordance with the laws of either high contracting party and domiciled in the territories of such party, are authorized, in the territories of the other, to exercise their rights and appear in the courts either as plaintiffs or defendants, subject to the law of such other party.

There shall be no conditions or requirements imposed upon American corporations, companies, or associations in connection with such access to the courts of justice in Siam, which do not apply to such native corporations, companies, or associations of the most favored nation.

## ARTICLE VI.

The citizens or subjects of each of the high contracting parties shall enjoy in the territories and possessions of the other a perfect equality of treatment with native citizens or subjects and citizens or subjects of the most favored nation, in all that relates to transit duties, warehousing, bounties, facilities, and the examination and appraisement of merchandise.

## ARTICLE VII.

The United States of America recognizes that the principle of national autonomy should apply to the Kingdom of Siam in all that pertains to the rates of duty on importations and exportations of merchandise, drawbacks, and transit and all other taxes and impositions; and subject to the condition of equality of treatment with other nations in these respects, the United States of America agrees to assent to increases by Siam in its tariff to rates higher than those established by existing treaties—on the further condition, however, that all other nations entitled to claim special tariff treatment in Siam assent to such increases freely and without the requirement of any compensatory benefit or privilege.

## ARTICLE VIII.

In all that concerns the entering, clearing, stationing, loading, and unloading of vessels in the ports, basins, docks, roadsteads, harbors or rivers of the two countries, no privilege shall be granted to vessels of a third power which shall not equally be granted to vessels of the other country; the intention of the high contracting parties being that in these respects the vessels of each shall receive the treatment accorded to vessels of the most favored nation.

## ARTICLE IX.

The coasting trade of both the high contracting parties is excepted from the provisions of the present treaty, and shall be regulated according to the laws, ordinances, and regulations of the United States of America and of Siam, respectively. It is, however, understood that citizens of the United States of America in the territories and possessions of His Majesty the King of Siam and Siamese citizens or subjects in the Territories and possessions of the United States of America shall enjoy in this respect the rights which are, or may be, granted under such laws, ordinances, and regulations to the citizens or subjects of other nations.

## ARTICLE X.

Any ship of war or merchant vessel of either of the high contracting parties which may be compelled by stress of weather, or by reason of any other distress, to take shelter in a port of the other, shall be at liberty to refit therein, to procure all necessary supplies, and to put to sea again, without paying any dues other than such as would be payable by national vessels. In case, however, the master of a merchant vessel should be under the necessity of disposing of a part of his cargo in order to defray the expenses, he shall be bound to conform to the regulations and tariffs of the place to which he may have come.

If any ship of war or merchant vessel of one of the high contracting parties should run aground or be wrecked upon the coasts of the other, the local authorities shall give prompt notice of the occurrence to the consular officer residing in the district or to the nearest consular officer of the other power.

Such stranded or wrecked ship or vessel and all parts thereof, and all furniture and appurtenances belonging thereto, and all goods and merchandise saved therefrom, including those which may have been cast into the sea, or the proceeds thereof, if sold, as well as all papers found on board such stranded or wrecked ship or vessel, shall be given up to the owners or their agents, when claimed by them.

If such owners or agents are not on the spot the aforesaid property or proceeds from the sale thereof and the papers found on board the vessel shall be delivered to the proper consular officer of the high contracting party whose vessel is wrecked or stranded, provided that such consular officer shall make claim within the period fixed by the laws, ordinances, and regulations of the country in which the wreck or stranding occurred, and such consular officers, owners, or agents shall pay only the expenses incurred in the preservation of the property, together with the salvage or other expenses which would have been payable in the case of the wreck of a national vessel.

The goods and merchandise saved from the wreck shall be exempt from all duties of the customs unless cleared for consumption, in which case they shall pay ordinary duties.

In the case of a ship or vessel belonging to the citizens or subjects of one of the high contracting parties being driven in by stress of



weather, run aground, or wrecked in the territories or possessions of the other, the proper consular officers of the high contracting party to which the vessel belongs shall, if the owners or their agents are not present, or are present but require it, be authorized to interpose in order to afford the necessary assistance to the citizens or subjects of this State.

#### ARTICLE XI.

The vessels of war of each of the high contracting parties may enter, remain, and make repairs in those ports and places of the other to which the vessels of war of other nations are accorded access; they shall there submit to the same regulations and enjoy the same honors, advantages, privileges, and exemptions as are now or may hereafter be conceded to the vessels of war of any other nation.

#### ARTICLE XII.

The citizens or subjects of each of the high contracting parties shall enjoy in the territories and possessions of the other, upon fulfillment of the formalities prescribed by law, the same protection as native citizens or subjects or the citizens or subjects of the nation most favored in these respects in regard to patents, trade-marks, trade names, designs, and copyrights.

#### ARTICLE XIII.

Each of the high contracting parties may appoint consuls general, consuls, vice consuls, and other consular officers or agents to reside in the towns and ports of the territories and possessions of the other where similar officers of other powers are permitted to reside.

Such consular officers and agents, however, shall not enter upon their functions until they shall have been approved and admitted by the Government to which they are sent.

They shall be entitled to exercise all the powers and enjoy all the honors, privileges, exemptions, and immunities of every kind which are, or may be, accorded to consular officers of the most favored nation.

#### ARTICLE XIV.

In case of the death of any subject of Siam in the United States or of any citizen of the United States in Siam without having in the country of his decease any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest consular officer of the nation to which the deceased belonged, in order that the necessary information may be immediately forwarded to parties interested.

In the event of any citizens or subjects of either of the high contracting parties dying without will or testament, in the territory of the other contracting party, the consul general, consul, vice consul, or other consular officer or agent of the nation to which the deceased belonged, or, in his absence, the representative of such consul general, consul, vice consul, or other consular officer or agent shall, so far as the laws of each country will permit and pending the appointment of an administrator and until letters of administration have been granted, take charge of the personal property left by the deceased for the benefit of his lawful heirs and creditors.

#### ARTICLE XV.

It is understood by the high contracting parties that the stipulations contained in this treaty do not in any way affect, supersede, or modify any of the laws, ordinances, and regulations with regard to trade, naturalization, immigration, police, and public security which are in force or which may be enacted in either of the two countries.

#### ARTICLE XVI.

The present treaty shall, from the date of the exchange of ratifications thereof, be substituted in place of the convention of amity and commerce concluded at Bangkok on the 20th day of March, 1833, of the treaty of amity and commerce concluded at Bangkok on the 29th day of May, 1856, and of the agreement regulating liquor traffic in Siam concluded at Washington on the 14th day of May, 1884, and of all arrangements and agreements subsidiary thereto concluded or existing between the high contracting parties, and from the same date such conventions, treaties, arrangements, and agreements shall cease to be binding.

#### ARTICLE XVII.

The present treaty shall come into effect on the date of the exchange of ratifications and shall remain in force for 10 years from that date.

In case neither of the high contracting parties should have notified 12 months before the expiration of the said 10 years the intention of terminating it, it shall remain binding until the expiration of 1 year from the day on which either of the high contracting parties shall have denounced it.

It is clearly understood, however, that such denunciation shall not have the effect of reviving any of the treaties, conventions, arrangements, or agreements mentioned in Article XVI hereof.

#### ARTICLE XVIII.

This treaty shall be ratified and the ratifications thereof shall be exchanged either at Washington or Bangkok as soon as possible.

In witness whereof the respective plenipotentiaries have signed the present treaty and have thereunto affixed their seals.

Done in duplicate in the English language, at Washington, the sixteenth day of December, in the nineteenth hundred and twentieth year of the Christian era, corresponding to the sixteenth day of the ninth month in the two thousand four hundred and sixty-third year of the Buddhist era.

NORMAN H. DAVIS. [SEAL.]  
PRABHA KARAYONGSE. [SEAL.]

#### ANNEX.

PROTOCOL CONCERNING JURISDICTION APPLICABLE IN THE KINGDOM OF SIAM TO AMERICAN CITIZENS AND OTHERS ENTITLED TO THE PROTECTION OF THE UNITED STATES.

At the moment of proceeding this day to the signature of the new treaty of friendship, commerce, and navigation between the United States and the Kingdom of Siam, the plenipotentiaries of the two high contracting parties have agreed as follows:

#### ARTICLE I.

The system of jurisdiction heretofore established in Siam for citizens of the United States and the privileges, exemptions, and immunities now enjoyed by the citizens of the United States in Siam as a part of or appurtenant to said system shall absolutely cease and determine on the date of the exchange of ratifications of the above-mentioned treaty and thereafter all citizens of the United States and

persons, corporations, companies, and associations entitled to its protection in Siam shall be subject to the jurisdiction of the Siamese courts.

#### ARTICLE II.

Until the promulgation and putting into force of all the Siamese codes, namely, the Penal Code, the Civil and Commercial Codes, the Codes of Procedure, and the Law for Organization of Courts, and for a period of five years thereafter, but no longer, the United States, through its diplomatic and consular officials in Siam, whenever in its discretion it deems it proper to do in the interest of justice, by means of a written requisition addressed to the judge or judges of the court in which such case is pending, may evoke any case pending in any Siamese court, except the Supreme or Dika Court, in which an American citizen or a person, corporation, company, or association entitled to the protection of the United States is defendant or accused.

Such case shall then be transferred to said diplomatic or consular official for adjudication, and the jurisdiction of the Siamese court over such case shall thereupon cease. Any case so evoked shall be disposed of by said diplomatic or consular official in accordance with the laws of the United States properly applicable, except that as to all matters coming within the scope of codes or laws of the Kingdom of Siam regularly promulgated and in force, the texts of which have been communicated to the American Legation in Bangkok, the rights and liabilities of the parties shall be determined by Siamese law.

For the purpose of trying such cases and of executing any judgments which may be rendered therein the jurisdiction of the American diplomatic and consular officials in Siam is continued.

Should the United States perceive, within a reasonable time after the promulgation of said codes, any objection to said codes, namely, the Penal Code, the Civil and Commercial Codes, the Codes of Procedure, and the Law for Organization of Courts, the Siamese Government will endeavor to meet such objections.

#### ARTICLE III.

Appeals by citizens of the United States or by persons, corporations, companies, or associations entitled to its protection, from judgments of courts of first instance in cases to which they may be parties, shall be adjudged by the Court of Appeal at Bangkok.

An appeal on a question of law shall lie from the Court of Appeal at Bangkok to the Supreme or Dika Court.

A citizen of the United States or a person, corporation, company, or association entitled to its protection, who is defendant or accused in any case arising in the Provinces, may apply for a change of venue and should the court consider such change desirable the trial shall take place either at Bangkok or before the judge in whose court the case would be tried at Bangkok.

#### ARTICLE IV.

In order to prevent difficulties which may arise from the transfer of jurisdiction contemplated by the present protocol, it is agreed—

(a) All cases in which action shall be taken subsequently to the date of the exchange of ratifications of the above-mentioned treaty shall be entered and decided in the Siamese courts, whether the cause of action arose before or after the date of said exchange of ratifications.

(b) All cases pending before the American diplomatic and consular officials in Siam on said date shall take their usual course before such officials until such cases have been finally disposed of, and the jurisdiction of the American diplomatic and consular officials shall remain in full force for this purpose.

In connection with any case coming before the American diplomatic or consular officials under clause (b) of Article IV, or which may be evoked by said officials under Article II, the Siamese authorities shall upon request by such diplomatic or consular officials lend their assistance in all matters pertaining to the case.

In witness whereof the undersigned plenipotentiaries have hereto signed their names and affixed their seals, this 16th day of December, in the nineteenth hundred and twentieth year of the Christian era, corresponding to the sixteenth day of the ninth month in the two thousand four hundred and sixty-third year of the Buddhist era.

NORMAN H. DAVIS. [SEAL.]  
PRABHA KARAYONGSE. [SEAL.]

#### NOMINATIONS.

*Executive nominations received by the Senate April 27, 1921.*

##### ASSISTANT SECRETARY OF THE TREASURY.

Edward Clifford, of Chicago, Ill., to be Assistant Secretary of the Treasury.

##### DEPUTY COMMISSIONER OF PENSIONS.

Hamlin M. Vandervort, of Illinois, to be Deputy Commissioner of Pensions, vice Frederick A. Royse, failed of confirmation at the previous session of the Senate.

##### MEMBERS OF THE INTERSTATE COMMERCE COMMISSION.

E. I. Lewis, of Indianapolis, Ind., for the term expiring December 31, 1925.

J. B. Campbell, of Spokane, Wash., for the term expiring December 31, 1924.

##### MEMBER OF FEDERAL RESERVE BOARD.

John R. Mitchell, of St. Paul, Minn., to be a member of the Federal Reserve Board for a term of 10 years.

##### MEMBER OF RENT COMMISSION, DISTRICT OF COLUMBIA.

William F. Gude, of the District of Columbia, to be a member of the Rent Commission of the District of Columbia, vice James F. Oyster, resigned.

##### SURVEYOR OF CUSTOMS.

Thomas W. Whittle, of New York, N. Y., to be surveyor of customs in customs collection district No. 10, in place of Thomas E. Rush.

## APPRAISER OF MERCHANDISE.

Frederick J. H. Kracke, of Brooklyn, N. Y., to be appraiser of merchandise in customs collection district No. 10, in place of John K. Sague.

## COLLECTORS OF INTERNAL REVENUE.

## FIRST DISTRICT OF NEW JERSEY.

Edward L. Sturgess, of Glassboro, N. J., to be collector of internal revenue for the first district of New Jersey, in place of Samuel Iredell.

## FIFTH DISTRICT OF NEW JERSEY.

Frank C. Ferguson, of East Orange, N. J., to be collector of internal revenue for the fifth district of New Jersey, in place of Charles V. Duffy.

## UNITED STATES ATTORNEYS.

## WESTERN DISTRICT OF ARKANSAS.

Samuel S. Langley, of Arkansas, to be United States attorney, western district of Arkansas, vice James S. Holt, appointed by court.

## WESTERN DISTRICT OF VIRGINIA.

Thomas J. Muncey, of Virginia, to be United States attorney, western district of Virginia, vice Joseph H. Chitwood, appointed by court.

## EASTERN DISTRICT OF VIRGINIA.

D. Lawrence Groner, of Virginia, to be United States attorney, eastern district of Virginia. Mr. Groner is now serving in that position under appointment by court.

## UNITED STATES MARSHAL.

David A. Walker, of Texas, to be United States marshal, western district of Texas, vice John H. Rogers, whose term has expired.

## REGISTER OF LAND OFFICE, DOUGLAS, WYO.

Birney J. Erwin, of Douglas, Wyo., to be register of the land office at Douglas, Wyo., vice Wade H. Fowler, resigned.

## RECEIVER OF PUBLIC MONEYS, DOUGLAS, WYO.

Wilkie Collins, of Douglas, Wyo., to be receiver of public moneys at Douglas, Wyo., vice Miss Julia Mary Cross, failed of confirmation at the previous session of the Senate.

## POSTMASTERS.

## ARKANSAS.

Belle Armour to be postmaster at Newport, Ark., in place of G. R. Hays, resigned.

## CALIFORNIA.

Alice C. Webster to be postmaster at Antioch, Calif., in place of Bessie B. Wightman, resigned.

Ambrose E. Burkhardt to be postmaster at Bishop, Calif., in place of W. W. Yandell, resigned.

Daniel S. Devine to be postmaster at Hermosa Beach, Calif., in place of M. M. Pilkinton, resigned.

Finis L. Bigelow to be postmaster at Maricopa, Calif., in place of Mae Longfellow, resigned.

David W. Morris to be postmaster at Modesto, Calif., in place of W. W. Howell, resigned.

George V. Beane to be postmaster at Mojave, Calif., in place of Otto Hasse, resigned.

Flora E. McPherson to be postmaster at Orosi, Calif., in place of O. C. Goodin, resigned.

Isabelle F. Sylvia to be postmaster at Pleasanton, Calif., in place of D. H. Fallon, resigned.

William H. Brown to be postmaster at Riverbank, Calif., in place of Laura B. Rowden, deceased.

## COLORADO.

Melissa H. Hayden to be postmaster at Breckenridge, Colo., in place of J. A. Theobald, resigned.

Frank L. Barton to be postmaster at Haxtum, Colo., in place of Hester E. House, resigned.

## CONNECTICUT.

Joseph W. Delaney to be postmaster at Greenwich, Conn., in place of W. S. Meany, resigned.

## DELAWARE.

Richard F. McClure to be postmaster at Claymont, Del., in place of G. V. Wagner, resigned.

## ILLINOIS.

Charles C. Hamilton to be postmaster at Arthur, Ill., in place of J. W. Troy, resigned.

John Reineke to be postmaster at Cissna Park, Ill., in place of John Jakle, resigned.

George V. Robinson to be postmaster at Forrest, Ill., in place of J. O. Morris, resigned.

Charles W. Meier to be postmaster at Freeport, Ill., in place of H. Poffenberger, deceased.

Ruth M. Reilly to be postmaster at Highwood, Ill., in place of M. J. Gibbs. Incumbent's commission expired January 10, 1920.

Bertha A. Thorp to be postmaster at Litchfield, Ill., in place of Hugh Hall, resigned.

William H. Conkling to be postmaster at Springfield, Ill., in place of J. W. Patton. Incumbent's commission expired February 4, 1920.

## IOWA.

Walter S. Campbell to be postmaster at Batavia, Iowa, in place of Lemuel O'Bryant. Incumbent's commission expired January 5, 1920.

Harry R. Grim to be postmaster at Belle Plaine, Iowa, in place of Harvey Slack, deceased.

Wheaton A. MacArthur to be postmaster at Burt, Iowa, in place of R. C. Smith, resigned.

E. Ray Morell to be postmaster at Grand River, Iowa, in place of Forest Cole, resigned.

Walter B. Luke to be postmaster at Hampton, Iowa, in place of Adolph Meyer, resigned.

Louis H. Severson to be postmaster at Inwood, Iowa, in place of D. J. Harris. Incumbent's commission expired March 1, 1919.

Fred O. Parker to be postmaster at Ireton, Iowa, in place of C. L. Paul, resigned.

James E. Graves to be postmaster at Osceola, Iowa, in place of E. T. Wall, resigned.

George J. Bloxham to be postmaster at Sheldon, Iowa, in place of W. A. Edington, resigned.

Leona B. Garrison to be postmaster at Swea City, Iowa, in place of W. F. Garrison, deceased.

Howard D. Peckham to be postmaster at Villisca, Iowa, in place of C. L. Arbuckle, not commissioned.

Charles W. Tyrrell to be postmaster at Waverly, Iowa, in place of H. J. Hoeger, resigned.

Henry A. Falb to be postmaster at West Bend, Iowa, in place of T. J. McCaffrey, resigned.

Seth B. Cairy to be postmaster at Whittemore, Iowa, in place of Thomas Carmody, resigned.

## KANSAS.

Cecil F. Smith to be postmaster at Burns, Kans., in place of J. L. Koebeler, deceased.

Rollin J. Conderman to be postmaster at Chetopa, Kans., in place of H. L. O'Bryan, resigned.

Jacob W. Wright to be postmaster at Elk City, Kans., in place of L. B. Davis. Incumbent's commission expired December 16, 1919.

Lulu E. Perkins to be postmaster at Gardner, Kans., in place of P. J. Murphy, deceased.

Victor H. Hoefler to be postmaster at Inman, Kans., in place of C. F. Hoefler, deceased.

LeRoy F. Heston to be postmaster at Kanorado, Kans., in place of J. C. Jones, resigned.

Albert Woodmansee to be postmaster at Kiowa, Kans., in place of Harry Spurrier, resigned.

Ethel I. Lounsbury to be postmaster at Long Island, Kans., in place of C. L. Lounsbury, deceased. Office became presidential January 1, 1920.

J. Raymond E. Simmons to be postmaster at Wellsville, Kans., in place of Catharine E. Simmons, resigned.

## MAINE.

Pearl Danforth to be postmaster at Castine, Me., in place of N. W. Coombs, removed.

Joseph C. A. Daigenault to be postmaster at Jackman Station, Me., in place of J. D. Chamberland, resigned.

George M. Jackson to be postmaster at Millbridge, Me., in place of A. E. Dresser, resigned.

## MASSACHUSETTS.

William J. Williams to be postmaster at Great Barrington, Mass., in place of J. R. McComb, deceased.

Charles A. Kimball to be postmaster at Littleton, Mass., in place of A. H. McDonald, resigned.

Harry T. Johnson to be postmaster at Medway, Mass., in place of R. M. O'Donnell, resigned.

Edgar A. Craig to be postmaster at North Easton, Mass., in place of T. A. O'Connor, resigned.

## MICHIGAN.

Henry M. Lawry to be postmaster at Caspian, Mich., in place of F. H. Fisher, resigned.

Orrin T. Hoover to be postmaster at Chelsa, Mich., in place of Chauncey Hummel. Incumbent's commission expired February 25, 1919.

George A. McNicol to be postmaster at Hillman, Mich., in place of C. E. Farrier, deceased.



## MINNESOTA.

Charles E. Engelhorn to be postmaster at Greenbush, Minn., in place of T. A. Togerson, resigned.  
Dwight C. Jarchow to be postmaster at Harris, Minn., in place of J. A. McLean, declined.  
Lawrence B. Setzler to be postmaster at Maple Plain, Minn., in place of A. E. Haskell, resigned.

## MISSOURI.

Asbury L. Williams to be postmaster at Seymour, Mo., in place of A. H. Davis, deceased.

## MONTANA.

John H. Hathaway to be postmaster at Wisdom, Mont., in place of C. J. Bell, resigned.

## NEBRASKA.

Henry Eichelberger to be postmaster at Crete, Nebr., in place of E. S. Potter, resigned.  
Lewis A. Meinzer to be postmaster at Falls City, Nebr., in place of C. C. Davis, resigned.  
Ernest W. Clift to be postmaster at Humboldt, Nebr., in place of J. B. Davis, resigned.  
Edward B. Jameson to be postmaster at Lakeside, Nebr., in place of W. L. Marcy, resigned.  
Luther J. Saylor to be postmaster at Rising City, Nebr., in place of F. W. Mathews, resigned.  
Isaac L. Pindell to be postmaster at Sidney, Nebr., in place of J. T. McIntosh, resigned.

## NEW JERSEY.

Herbert E. Poulson to be postmaster at Far Hills, N. J., in place of L. V. Lindlow, resigned.  
Clarence H. Wilbur to be postmaster at Freehold, N. J., in place of Joseph Atkinson, resigned.  
Frank J. Bock to be postmaster at Newark, N. J., in place of J. F. Sinnott, deceased.

## NEW YORK.

Mary J. O'Brien to be postmaster at Bedford, N. Y., in place of Margaret D. Cochrane, resigned.  
A. T. Smith to be postmaster at Tully, N. Y., in place of A. B. Dewey, resigned.  
William M. Philleo to be postmaster at Utica, N. Y., in place of J. G. Gibson, deceased.

## NORTH CAROLINA.

William R. Anderson to be postmaster at Reidsville, N. C., in place of R. S. Montgomery, resigned.

## NORTH DAKOTA.

Charles P. Thomson to be postmaster at Minto, N. Dak., in place of Caroline Sprafka, resigned.  
Ernest C. Lebacken to be postmaster at Reynolds, N. Dak., in place of Helen D. Thompson, resigned.

## OHIO.

Thomas R. Gordon to be postmaster at East Youngstown, Ohio, in place of R. J. McGrattan, declined.  
Henry D. Weaver to be postmaster at Leetonia, Ohio, in place of W. E. Warren, resigned.  
Guy E. Matthews to be postmaster at Liberty Center, Ohio, in place of R. G. Hardy, resigned.

## OREGON.

William J. Warner to be postmaster at Medford, Oreg., in place of G. P. Mims, deceased.

## PENNSYLVANIA.

Alfred B. Bowe to be postmaster at Port Carbon, Pa., in place of H. M. Erch, not commissioned.

## VERMONT.

Rudolph M. Cutting to be postmaster at Plainfield, Vt., in place of Antonio Bonazzi, resigned.

## WASHINGTON.

Henning E. Johnson to be postmaster at Du Pont, Wash., in place of B. O. Skewis, resigned.  
Leonard McCleary to be postmaster at McCleary, Wash., in place of Lula M. Craft, resigned.

## WYOMING.

Prince A. Gatchell, jr., to be postmaster at Buffalo, Wyo., in place of S. E. Gilkey, removed.  
A. Verne Wiggins to be postmaster at Lusk, Wyo., in place of W. A. Olson, removed.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate April 27, 1921.*

## GOVERNOR OF PANAMA CANAL.

Col. Jay J. Morrow.

## DISTRICT JUDGE.

Claude Z. Luse.

## DISTRICT ATTORNEY.

William H. Dougherty.

## UNITED STATES MARSHAL.

William R. Chellis.

## UNITED STATES NAVY.

## Rear admirals.

Charles F. Hughes.  
Ashley H. Robertson.  
Samuel S. Robison.

## Captains.

Earl P. Jessop.  
Thomas C. Hart.  
Cyrus R. Miller.  
Edward H. Watson.  
Ivan C. Wettengel.

## Commanders.

Charles W. Densmore.  
Robert A. Dawes.  
Clyde S. McDowell.  
John Rodgers.  
William D. Greatham.  
Andrew C. Pickens.  
Husband E. Kimmel.  
David M. LeBreton.  
Prentiss P. Bassett.  
Paul E. Dampman.  
Louis H. Maxfield.  
Frederic T. Van Auken.  
Guy C. Barnes.  
Laurance S. Stewart.  
Samuel S. Payne.  
Franklin P. Conger.  
Louis F. Thibault.  
Ellis Lando.

## Lieutenants.

George S. Gillespie.  
Sherrod H. Quarles.  
Thomas F. Downey.  
Benjamin S. Killmaster.  
Robert W. Cary.  
Archie E. Glann.  
Otto Nimitz.  
Alan Barnett.  
Elmer R. Henning.  
Harold O. Hunter.  
Theodore E. Chandler.  
Allan R. Wurtele.  
John L. McCrea.  
John S. Farnsworth.  
Albert R. Stephan.  
Russell S. Berkey.  
Willard A. Kitts, 3d.  
Gail Morgan.  
Van H. Ragsdale.  
T. DeWitt Carr.  
Sidney W. Kirtland.  
Paul W. F. Huschke.  
Donald B. Duncan.  
William P. O. Clarke.  
Robert G. Tobin.  
Harold B. Sallada.  
Collin DeV. Headlee.  
Ralph Wyman.  
Ben H. Wyatt.  
Leonard P. Wessell.  
Joseph H. Currier.  
Thomas B. Inglis.  
Daniel W. Tomlinson, 4th.  
George C. Hawkins.  
Roy T. Gallenmore.  
Robert B. Parker.  
Junius L. Cotten.  
John W. Rowe.  
Guy D. Townsend.

Wilbur V. Shown.  
George M. Keller.  
William G. Ludlow, jr.  
Donald R. Evans.  
Thomas L. Sprague.  
James D. Jacobs.  
Clifton A. F. Sprague.  
Herman E. Halland.  
George G. Breed.  
Gordon Rowe.  
Christopher C. Miller.  
Henry D. Stailey.  
Olton R. Bennehoff.  
William A. S. Macklin.  
William K. Phillips.  
Ellsworth Davis.  
William G. B. Hatch.  
Frank Hindrelet.  
John H. Buchanan.  
William A. Corn.  
Robert A. Dyer, 3d.  
George T. Howe.  
William C. Burgy.  
Marion Y. Cohen.  
Delorimier M. Steece.  
George F. Neiley.  
Phillip W. Yeatman.  
Charles H. Mecum.  
Robert S. Wyman.  
Frank P. Thomas.  
John F. Moloney.  
Merrill T. Kinne.  
Vincent H. Godfrey.  
William J. Lorenz.  
Donald M. Dalton.  
Burton W. Chippendale.  
Robert T. Darrow.  
John B. Kneip.  
Dallas D. Dupre.

George E. Ross, jr.  
 Thomas J. Haffey.  
 Robert A. Awtrey.  
 Clinton H. Havill.  
 Boyd R. Alexander.  
 Gilbert W. Summers.  
 William J. Forrestel.  
 Isaiah Parker.  
 Frank H. Dean.  
 Andrew G. Shepard.  
 George T. Howard.  
 Adolph P. Schneider.  
 Carl F. Holden.  
 Benjamin F. Perry.  
 Scott Umsted.  
 Hubert E. Paddock.  
 Nelson J. Leonard.  
 John D. Small.  
 James P. Brown.  
 Irving R. Chambers.  
 Stuart A. Maher.  
 Ralph Kiely.  
 George C. Kriner.  
 Raymond Burhen.  
 John J. Mahoney.  
 Albert Osenger.  
 Frank F. Wead.  
 Paul R. Glutting.  
 Bartley G. Furey.  
 Augustus J. Selman.  
 Robert B. Carney.  
 Edwin S. Earnhardt.  
 Albert E. Schrader.  
 Arnold H. Bateman.  
 Henry L. Phelps.  
 George P. Brewster.  
 John Wilkes.  
 William P. Bacon.  
 Bruce P. Flood.  
 Henry C. Merwin.  
 James M. Steele.  
 Calvin T. Durgin.  
 George F. Chapline.  
 Richard E. Webb.  
 Thomas V. Cooper.  
 Richard H. Jones.  
 Carlyle Craig.  
 Fred W. Connor.  
 Randall E. Dees.  
 Alexander D. Douglas.  
 Julian L. Woodruff.  
 Lisle F. Small.  
 Nicholas Vytlačil.  
 Robert L. Randolph, jr.  
 Herbert B. Knowles.  
 Joseph W. Gregory.  
 Benjamin F. Staud.  
 Felix B. Stump.  
 Stanwix G. Mayfield, jr.  
 Franklin S. Irby.  
 Merrill Comstock.  
 Paul U. Teyis.  
 Andrew G. Reaves.  
 John H. Keefe.  
 John E. Reinburg.  
 Adolph J. Merkt.  
 Homer L. Grosskopf.  
 Wilbur W. Feineman.  
 Oscar W. Erickson.  
 Fred D. Kirtland.  
 Charles P. Cecil.  
 James A. Scott.  
 John D. Price.  
 Edwin F. Cochrane.  
 Martin B. Stonestreet.  
 Cassin Young.  
 James P. Compton.  
 Roman J. Miller.  
 Edward A. Mitchell.  
 Earle E. Muschlitz.  
 David C. Fox.  
 Charles L. Hayden.  
 Theodore M. Waldschmidt.  
 Robert R. Ogg.  
 John T. Metcalf.

Allan E. Smith.  
 Homer H. H. Harrison.  
 Archer E. King, jr.  
 Dewitt C. Watson.  
 Preston Marshall.  
 Osborne B. Hardison.  
 Conrad A. Krez.  
 Arthur T. Emerson.  
 Byron S. Dague.  
 John H. Carson.  
 Arthur W. Radford.  
 Jesse L. Kenworthy, jr.  
 William R. Casey.  
 Robert E. Keating.  
 Allen R. McCann.  
 John H. Jenkins.  
 John G. M. Stone.  
 Guy W. Clark.  
 James P. Conover, jr.  
 Peyton H. Park.  
 Isidore Lehrfeld.  
 Forrest P. Sherman.  
 Oscar H. Holtmann.  
 Frank R. Dodge.  
 Vincent R. Murphy.  
 Owen E. Grimm.  
 Pal L. Meadows.  
 Frederick S. Holmes.  
 Edwin H. Price.  
 Albert M. Bledsoe.  
 Harold Biesemeier.  
 Albert F. France, jr.  
 David E. Cummins.  
 John S. Phillips.  
 Homer W. Clark.  
 Guido F. Forster.  
 Gale A. Poindexter.  
 Thomas B. Hendley.  
 Karl Keller.  
 Philip W. Warren.  
 Carl W. Brewington.  
 Emile Topp.  
 Edward B. Rogers.  
 Thomas D. Ross.  
 John V. Murphy.  
 William H. Ball.  
 Charles W. Weitzel.  
 Kenneth M. Hoeffel.  
 Ernest B. Colton.  
 James Fife, jr.  
 George T. Cuddihy.  
 Charles W. Styer.  
 Martin J. Connolly.  
 Frederick L. Douthit.  
 Earl E. Stone.  
 Hayden H. Smith.  
 Clifton E. Denny.  
 Brownson P. Vosbury.  
 Stanley D. Jupp.  
 Robert T. Whitten.  
 Henry E. Thornhill.  
 Donald W. Loomis.  
 Jerauld Wright.  
 Harry W. Need.  
 Harry D. Hoffman.  
 Victor C. Barringer, jr.  
 Graeme Bannerman.  
 James D. Murray, jr.  
 Edward W. Wunch.  
 John D. H. Kane.  
 Harry W. von Hasseln.  
 Elmer E. Duvall, jr.  
 Ernest H. Krueger.  
 Watson O. Bailey.  
 Edmund J. Kidder.  
 Malcolm A. Deans.  
 Edwin D. Gibb.  
 Joseph H. Brady.  
 Peyton Harrison.  
 Frank B. Hillhouse.  
 Ralph C. Alexander.  
 Alexander C. Kidd.  
 Earle W. Mills.  
 Berwick B. Lanier.  
 Martin R. Derr.

John J. Twomey.  
 Kingsland Dunwoody.  
 Frederick W. Neilson.  
 Allen I. Price.  
 Richard W. Gruelick.  
 Ralph U. Hyde.  
 Edward J. Moran.  
 Francis W. Benson.  
 Francis T. Spellman.  
 Carl L. Hansen.  
 Volney O. Clark.  
 Earl W. Morris.  
 Kenneth L. Coontz.  
 Chauncey R. Crutcher.  
 Gordon B. Sherwood.

*Lieutenants (junior grade).*

John E. Ostrander, jr.  
 William P. O. Clarke.  
 Paul W. F. Huschke.  
 Harold B. Sallada.  
 Benjamin O. Wells.  
 Joseph H. Carrier.  
 Otto Nimitz.  
 Thomas L. Sprague.  
 James D. Jacobs.  
 Clifton A. F. Sprague.  
 Herman E. Halland.  
 George G. Breed.  
 Gordon Rowe.  
 Christopher C. Miller.  
 Henry D. Stailey.  
 Olton R. Bennehoff.  
 William A. S. Macklin.  
 Thomas B. Inglis.  
 Daniel W. Tomlinson, 4th.  
 George C. Hawkins.  
 Roy T. Gallenmore.  
 Robert B. Parker.  
 Junius L. Cotten.  
 John W. Rowe.  
 Guy D. Townsend.  
 George E. Ross, jr.  
 Thomas J. Haffey.  
 William K. Phillips.  
 Sidney B. Blaisdell.  
 Richard C. Bartlett.  
 Arthur S. Adams.  
 Thomas P. Jeter.  
 Harry R. Thurber.  
 Lyle N. Morgan.  
 Logan C. Ramsey.  
 Henry R. Herbst.  
 Charles L. Andrews, jr.  
 Charles J. Rend.  
 Marshall R. Greer.  
 Frank N. Sayre.  
 Paul D. Dingwell.  
 Carleton McGaully.  
 John R. Redman.  
 William E. Hilbert.  
 Festus F. Foster.  
 James B. Sykes.  
 Douglas A. Powell.  
 William E. Clayton.  
 Bayard H. Colyear.  
 Walter D. Whitehead.  
 Robert L. Boller.  
 Paul H. Talbot.  
 John B. McDonald, jr.  
 James G. Atkins.  
 John L. Reynolds.  
 Herbert S. Woodman.  
 Jonathan H. Sprague.  
 Adolph J. Merkt.  
 Roman J. Miller.  
 Stanwix G. Mayfield, jr.  
 Edward A. Mitchell.  
 David C. Fox.  
 Charles L. Hayden.  
 Kingsland Dunwoody.  
 Homer W. Clark.  
 Thomas B. Hendley.  
 Peyton H. Park.  
 Alexander D. Douglas.

Louis L. Habryl.  
 Henry S. Kendall.  
 William E. G. Erskine.  
 Garry De Mott Custer.  
 Harold E. MacLellan.  
 Ralph H. Henkle.  
 Edmund J. A. Murphy.  
 Jack H. Duncan.  
 Ford L. Wilkinson, jr.  
 Leroy W. Busby, jr.  
 Ralph S. Riggs.  
 John M. Haines.  
 Mays L. Lewis.  
 Robert R. Ferguson.  
 Earl S. Hurlbut.

Donald A. Green.  
 Albert M. Bledsoe.  
 Harold Biesemeier.  
 Albert F. France, jr.  
 David E. Cummins.  
 J. Warren Quackenbush.  
 John S. Phillips.  
 Harry W. Need.  
 Harry D. Hoffman.  
 Victor C. Barringer, jr.  
 Graeme Bannerman.  
 Ernest A. Foote.  
 James D. Murray, jr.  
 Edward W. Wunch.  
 Ernest B. Colton.  
 James Fife, jr.  
 George T. Cuddihy.  
 Charles W. Styer.  
 Martin J. Connolly.  
 Frederick L. Douthit.  
 Earl E. Stone.  
 Hayden H. Smith.  
 Clifton E. Denny.  
 Brownson P. Vosbury.  
 Stanley D. Jupp.  
 Robert T. Whitten.  
 Henry E. Thornhill.  
 Donald W. Loomis.  
 Jerauld Wright.  
 Earle W. Mills.  
 Berwick B. Lanier.  
 Martin R. Derr.  
 Louis L. Habryl.  
 Henry S. Kendall.  
 William E. G. Erskine.  
 Garry De Mott Custer.  
 John D. H. Kane.  
 Harry W. von Hasseln.  
 Elmer E. Duvall, jr.  
 Ernest H. Krueger.  
 Watson O. Bailey.  
 Edmund J. Kidder.  
 Malcolm A. Deans.  
 Edwin D. Gibb.  
 Joseph H. Brady.  
 Peyton Harrison.  
 Frank B. Hillhouse.  
 Ralph C. Alexander.  
 Robert R. Ferguson.  
 Harold E. MacLellan.  
 Ralph H. Henkle.  
 Edmund J. A. Murphy.  
 Jack H. Duncan.  
 Ford L. Wilkinson, jr.  
 Leroy W. Busby, jr.  
 Ralph S. Riggs.  
 John M. Haines.  
 Mays L. Lewis.  
 Chauncey R. Crutcher.  
 Gordon B. Sherwood.  
 Alexander C. Kidd.  
 Harry L. Dodson.  
 Duane L. Taylor.  
 Louis Dreiler.  
 Ray W. Bruner.  
 Roger F. McCall.  
 Herbert M. Scull.  
 Robert F. Nelson.



Felix B. Stump.  
John H. Keefe.  
Carl L. Hansen.  
Emile Topp.  
William H. Ball.  
Forrest P. Sherman.  
Oscar H. Holtmann.  
Frank R. Dodge.  
Vincent R. Murphy.  
Owen E. Grimm.  
Pal L. Meadows.  
Frederick S. Holmes.  
Edwin H. Price.  
Dean D. Francis.  
George M. O'Rear.  
Eric M. Grimsley.  
John B. Griggs, jr.  
Henry C. Fengar.  
Harry A. Rochester.  
James J. Hughes.  
Miles P. Duval, jr.  
Homer I. Sherritt.  
Ralph E. Jennings.  
Fred W. Beltz.  
Leonard C. Parker.  
Francis H. Gilmer.  
George C. Dyer.  
William L. Marsh.

*Ensign.*

August Rettig.

*Surgeons with rank of lieutenant commander.*

Willard J. Riddick.  
James A. Bass.

*Passed assistant surgeons with rank of lieutenant commander.*

Ross T. McIntire.  
Edward A. Brown.  
John R. Middlebrooks.  
Joel J. White.  
Russell D. Elliott.  
John Duff, jr.  
Ladislaus L. Adamkiewicz.  
Robert H. Snowden.  
Francis E. Locy.  
Maurice A. Berge.  
Roger M. Choisser.  
Loren W. Shaffer.  
Robert P. Parsons.  
Francis DeA. Gibbs.  
Richard C. Satterlee.  
Otis Wildman.  
Benjamin G. Holtom.  
Wilfred M. Peberby.  
Frederick L. McDaniel.  
Lyle J. Roberts.  
Frederick R. Hook.  
Harry S. Harding.  
William T. Lineberry.  
Thomas L. Morrow.  
Clarence J. Brown.  
Gilbert H. Mankin.  
Felix P. Keaney.  
John W. Vann.

*Passed assistant surgeons with the rank of lieutenant.*

William H. Whitmore.  
Jesse W. Allen.  
Paul W. Wilson.  
Edward H. Sparkman, jr.  
Elwin C. Taylor.  
John B. Bostick.  
Bathune F. McDonald.  
James K. Gordon.  
Frederick N. Pugsley.  
Walter P. Dey.  
Richard W. Hughes.  
John T. O'Connell.  
Henry DeW. Hubbard.  
Preston A. McLendon.  
Melvin S. Stover.  
Harrison L. Wyatt.  
Joy A. Omer.  
Brython P. Davis.  
Donald H. O'Rourke.  
Robert B. Miller.

Ernest E. Herrmann.  
Harold L. Challenger.  
Robert G. Waldron.  
Valentine H. Schaeffer.  
Scott G. Lamb.  
Charles B. Hunt.  
James D. Lowry, jr.  
Howard W. Fitch.  
Gordon M. Jackson.  
Rodman D. DeKay.  
John J. Orr.  
James J. Graham.  
William H. Ferguson.  
Edwin Friedman.  
Adrian O. Rule, jr.  
Daniel M. McGurl.  
Russell S. Barrett.  
Peyton S. Cochran.  
John G. Crawford.  
Cyril K. Wildman.  
George F. Mentz.  
Riffel G. Rhoton.  
Earl S. Hurlbut.  
Elliot H. Bryant.  
William B. Stork.  
Anthony McHugh.  
Alexander Stuart.

Guy B. McArthur.  
Bertram Groesbeck, jr.  
Robert S. G. Welch.  
Robert H. Collins.  
Carl A. Broadbudd.  
William E. Beatty.  
Burchard A. H. Winne.  
Henry C. Johnston.  
John R. Poppen.  
Albert N. Champion.  
Linwood H. Johnson.  
Harold E. Ragle.  
Fred W. Granger.  
William P. Mull.  
Cary D. Allen.  
William W. Davies, jr.  
Roger D. Mackey.  
Max Silverman.  
Herbert L. Barbour.  
James E. Miller.  
Charles W. Rose.  
Marvin M. Gould.  
Norman J. Haverly.  
George T. Dill.  
Eustace H. Prescott.  
Frederick W. Muller.  
John N. Slattery.

Oscar Davis.  
Charles P. Archambeault.  
Anthony M. Menendez.  
Rex H. White.  
Carlton L. Andrus.  
Edwin Peterson.  
Joseph L. Schwartz.  
Roger A. Nolan.  
William H. Wynn.  
George U. Pillmore.  
Francis P. Gardner.  
Enoch G. Brian.  
Reuben H. Hunt.  
Harry A. Keener.  
John A. Marsh.  
Emil J. Stelter.  
Alfred H. Ehrenclou.  
Jesse D. Jewell.  
Harry P. Krummes.  
Victor B. Riden.

Robert B. Team.  
Ernest A. Daus.  
Walter J. Spencer.  
Paul T. Crosby.  
Harold S. Sumerlin.  
Leslie B. Marshall.  
Lloyd B. Greene.  
Claude R. Riney.  
Nelson W. Sheley.  
John H. Robbins.  
Howard H. Montgomery.

*Assistant surgeons with rank of lieutenant (junior grade).*

Ben Hollander.  
Joseph C. Flotte.  
Frank T. Barker.  
Floyd McJ. Allen.  
Wilson G. Guthrie.

John A. Topper.  
Henry C. Weber.  
Samuel W. Connor.  
Benjamin F. Iden.  
George M. Malkin.  
Andrew H. Frankel.  
John C. Kenning.  
Wilbert W. Munsell.  
Robert F. Sledge.  
William H. Harrell.  
Cecil G. Sutherlin.

Robert M. Cochrane.  
Duncan D. Bullock.  
Jerome Braun.  
David B. Peters.

*Passed assistant dental surgeons with the rank of lieutenant.*

Charles C. Bockey.  
William A. Dorney.  
Thomas White.  
Fred A. Batkin.  
Patrick A. McCole.  
Frederick W. Mitchell.  
Frank V. Davis.

Nicholas S. Duggan.  
Rolland W. Quesinberry.  
Charles P. Holland.  
Henry Muenzer.  
John S. George.  
Leonard L. Martin.  
Elmer C. O'Connell.

*Assistant dental surgeons with the rank of lieutenant (junior grade).*

George A. Campbell.  
Walter I. Minowitz.  
Harold J. Hill.

Leonard M. Desmond.  
Ray E. Farnsworth.

*Chaplains with rank of lieutenant.*

Herbert Dumstre.  
Harrill S. Dyer.  
Charles V. Ellis.  
Allison J. Hayes.  
Clinton A. Neyman.  
Albert N. Park, jr.  
Harry M. Peterson.  
George S. Rentz.  
Reuben W. Shrum.  
Bart D. Stephens.

William N. Thomas.  
James S. Day.  
William P. Williams.  
Patrick J. Hammersley.  
Frank L. Janeway.  
Hersey E. Rountree.  
Bartholomew F. Puske.  
Albert R. Parker.  
Walter L. Steiner.

*Chaplains with rank of lieutenant (junior grade).*

John H. S. Putnam.  
Lewis D. Gottschall.  
John H. Hyde.  
William T. Holt.

Roman M. Peil.  
Alfred de Groot Vogler.  
Milton H. Petzold.

*Passed assistant paymasters with rank of lieutenant.*

Harry W. Rusk, jr.  
Ralph W. Swearingen.  
Robert B. Huff.  
Rufus B. Langsford.  
James P. Jackson.

Malcolm G. Slarrow.  
Michael J. Stubbs.  
Phillip A. Caro.  
Edward R. Eberle.

*Professors of mathematics with rank of commander.*

Guy K. Calhoun.  
Theodore W. Johnson.

*Naval constructors with rank of commander.*

George C. Westervelt.  
Charles W. Fisher, jr.  
Alexander H. Van Keuren.  
Waldo P. Druley.

Holden C. Richardson.  
Roy W. Ryden.  
Herbert S. Howard.

*Chief machinists to rank with but after ensign.*

John P. Millon.  
Will S. Holloway.  
Arthur A. F. Alm.

*Naval constructors with the rank of captain.*

Lawrence S. Adams.  
Stuart F. Smith.  
William G. Du Bose.

*Naval constructor with the rank of lieutenant.*

Henry E. Rossell.

*Assistant civil engineer with the rank of lieutenant (junior grade).*

Robert L. McLellan.

*Civil engineer with the rank of lieutenant.*

Henry G. Taylor.

*Chief machinist to rank with but after ensign.*

James E. Kemmer.

*Assistant civil engineers with rank of lieutenant.*

Harold W. Johnson.	Harry LeG. Hilton.
Charles L. B. Anderson.	Collins L. Macrae.
Albert Hoar.	Albert A. L. Ort.
Dow H. Nicholson.	Robert R. Yates.

*Assistant civil engineers with rank of lieutenant (junior grade).*

Edward D. Graffin.	Harry W. Kenney.
William W. Schneider.	Henry E. Wilson.
Thomas J. Brady.	William D. Chandler.
Floyd C. Bedell.	George R. Brooks.
William O. Hiltabidle, jr.	Alexander Martin, jr.
Cushing Phillips.	

*Chief pharmacists to rank with but after ensign.*

Lester E. Bote.	Walter C. Magoon.
Datus M. Hervey.	Walter Zur-Linden.
Robert Martin.	Charles H. Dean.
Thomas C. Hart.	

## MARINE CORPS.

*Majors.*

Richard H. Tebbs, jr.	Samuel P. Budd.
George W. Van Hoose.	Charles D. Barrett.

*Captains.*

Benjamin F. Fogg.	Charles C. St. Clair.
Leslie G. Melville.	John Waller.
George W. Hamilton.	Eugene L. Pelletier.
Leroy P. Hunt.	Otto Salzman.
Clifton B. Cates.	Harry V. Shurtleff.
John H. Fay.	Francis E. Pierce.
Gaines Moseley.	Harry W. Gamble.
Leo D. Hermle.	Roscoe Arnett.
Lemuel C. Shepherd.	Francis C. Cushing.
Frank Whitehead.	Charles L. Eickmann.
Roswell Winans.	Frank Z. Becker.
Robert Blake.	Nathan E. Landon.
Alfred H. Noble.	Eugene L. Mullaly.
James F. Robertson.	Walter E. McCaughtry.
Charles I. Murray.	John P. McCann.
Percy D. Cornell.	Maurice A. Willard.
Jonas H. Platt.	Harry A. Ellsworth.
Francis J. Kelly, jr.	Charles B. Hobbs.
Samuel C. Cumming.	Warren C. Barnaby.
Gilder D. Jackson, jr.	Maurice C. Gregory.
John P. Harvis.	Gustav F. Bloedel.
Augustus B. Hale.	Thomas Dwight.
Thomas J. Curtis.	John J. Haley.
James F. Moriarity.	Walter Wooding.
Peter Conachy.	Frank D. Creamer.
Robert E. Williams.	William Mills.
Walter T. H. Galliford.	Robert W. Maxwell.
Fred G. Patchen.	William F. Thalheimer.
Edwin P. McCaulley.	Howell Cobb.
Graves B. Erskine.	Thomas F. Joyce.
James A. Nelms.	Charles Grimm.
Louis R. Jones.	William Frederick Brown.
William B. Croka.	Augustus T. Lewis.
Robert Yowell.	Robert W. Williams.
William W. Ashurst.	Arthur J. Stout.
Francis P. Mulcaby.	Andrew E. Creesy.
Bailey M. Coffenberg.	Arthur H. Page.
Edward D. Kalbfleisch.	Donald Curtis.
Robert M. Montague.	Jesse L. Perkins.
Francis S. Kieren.	Clarence N. McClure.
William F. Beattie.	Michael Kearney.
Oliver C. Hine.	Edward H. W. Holt.
William J. Crosson.	Bror G. Broadstrom.
Daniel E. Campbell.	Angus Wilson.
Maurice G. Holmes.	Ery M. Spencer.
James E. Betts.	James P. Smith.
Wethered Woodworth.	Frank E. Verner.
James W. Webb.	Norman M. Shaw.
John M. Tildsley.	John F. Duffy.
Louis E. Woods.	John A. McDonald.
William McN. Marshall.	Clarence H. Medary.
George H. Scott.	Stephen F. Drew.
Eugene F. C. Collier.	Edward G. Huefe.
Evans O. Ames.	James H. McGan.
William H. Davis.	James E. Snow.
Franklin A. Hart.	Hans O. Martin.
George Franklin Adams.	Louis J. Hughes.
George W. Spotts.	Augustus Aiken.
Emmett W. Skinner.	William Merrill.
Jesse J. Burks.	Joseph Jackson.
William L. Crabbe.	Earl C. Nicholas.

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Field Harris.
Charles M. Jones.
Lewis L. Gover.
Roy C. Swink.
Leon L. Dye.
Lee W. Wright.
Reuben B. Price.
George P. Doane.
Walter J. Green.
James E. Reich.
Carl S. Schmidt.
Charles Ubel.
Charles F. Kienast.
Earl B. Hammond.
Timothy J. Holland.
Charles D. Sniffin.
Robert J. Archibald.
Franklin T. Steele.
Newton Best.
William A. Worton.
Glenn E. Hayes.
Stewart B. O'Neill.
John F. Talbot.
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Oliver P. Smith.
Hugh Shippey.
Joseph G. Ward.
Robert C. Anthony.
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William T. Clement.
Ralph E. West.
Keith E. Kinyon.
Frank D. Strong.
Benjamin Goodman.
Lyman Passmore.
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Joseph T. Smith.

Martin J. Kelleher.
Martin Canavan.
Joseph M. Swinnerton.
Leslie G. Wayt.
Archie Farquharson.
Robert W. Winter.
Glen C. Cole.
Max Cox.
Charles M. Lott.
Russell A. Presley.
Ernest L. Russell.
William F. Becker.
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Harold D. Shannon.
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Wesley W. Walker.
Lucian W. Burnham.
Shaler Ladd.
John C. Wood.
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Richard H. Jeschke.
Robert L. Nelson.
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William P. T. Hill.
William E. Riley.
Ray A. Robinson.
Robert L. Montague.
Ross L. Iams.
Richard B. Dwyer.
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Victor F. Bleasdale.	William H. Harrison.
Merwin H. Silverthorn.	John P. Adams.
George Bower.	Otto E. Bartoe.
Cecil J. Widdifield.	Ramond J. Bartholomew.
Walter Sweet.	Bruce B. MacArthur.
Fred J. Zinner.	Erwin Mehlinger.
Prentice S. Geer.	Gilbert D. Hatfield.
John Groff.	George H. Morse.
William W. Rogers.	William K. Snyder.
Curtis T. Beecher.	William T. Evans.
Vernon Bourdette.	Benjamin W. Gally.
George F. Stockes.	Alfred W. Ogle.
Tom E. Wicks.	Donald J. Kendall.
Murl Corbett.	Alton A. Gladden.
James P. Scherwin.	Lewis B. Reagan.
William M. Radcliffe.	Dudley S. Brown.
John H. Parker.	Robert H. Pepper.
Walter S. Gaspar.	John B. Wilson.
Elton C. Hersman.	James D. Colomy.
William K. MacNulty.	Galen M. Sturgis.
Alfred Dickerson.	Joseph W. Knighton.
Thomas R. Shearer.	James A. Mixson.
Jacob M. Pearce.	Lades R. Warriner.
Charles C. Gill.	Oakley K. Brown.
Norman S. Hinman.	Gus L. Gloeckner.
Donald R. Fox.	Leo F. S. Horan.
Bruce J. Millner.	John M. Popham.
William P. Richards.	Thomas A. Tighe.
Willett Elmore.	Richard O. Sanderson.
John F. McVey.	Chaplain G. Hicks.
Harry E. Horner.	Frank R. Armstead.
Francis Fisk.	Henry S. Hausmann.
Wilbur G. Gunn.	Frederick M. Howard.
Julius T. Wright.	Edwin J. Mund.
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Louie W. Putnam.  
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Harry Paul.  
Austin G. Rome.  
Samuel F. Birthright.  
Clate C. Snyder.  
Edgar S. Tuttle.  
Charles E. Rice.  
Bert A. Bone.  
Robert C. Thaxton.  
Euvelle D. Howard.  
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Frederick C. Lusk.  
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Willard P. Leutze.  
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George W. Shearer.  
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Edward B. Moore.  
David Kipness.  
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Claude A. Phillips.  
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Harold F. Swindler.  
John Halla.  
Edward E. Mann.  
Kenneth A. Inman.  
Lester N. Medaris.  
Charles C. Cameron.  
Albert W. Paul.

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Daniel R. Fox.  
William Ulrich.  
Ralph W. Culpepper.  
Herbert C. Bluhm.

Robert E. Mills.  
Albert B. Sage.  
John D. Lockburner.  
Gustaf A. Brodstrom.  
Richard Livingston.  
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Harold C. Major.  
Jesse A. Nelson.  
Fred S. Robillard.  
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Monitor Watchman, jr.  
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Edmund M. Callaway.  
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Clinton W. McLeod.  
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Gordon Hall.  
Guy B. Hall.  
Frank W. Hanlon.  
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George L. Hollett.  
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Howard N. Feist.  
Edwin U. Hakala.  
Irving G. Hamilton.  
Max D. Smith.

## HOUSE OF REPRESENTATIVES.

WEDNESDAY, April 27, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, Thou hast said:  
*Who shall ascend into the hill of the Lord? or who shall stand in His holy place?*  
*He that hath clean hands, and a pure heart; who hath not lifted up his soul unto vanity, nor sworn deceitfully.*  
Help us to respond. Cleanse Thou us from secret faults, and enable us to walk in the light as Thou art in the light. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## CALENDAR WEDNESDAY.

The SPEAKER. To-day is Calendar Wednesday. The Clerk will call the roll of the committees.

The Committee on the Judiciary was called.

## COMPANIES TO PROMOTE TRADE IN CHINA.

Mr. VOLSTEAD. Mr. Speaker, from the Committee on the Judiciary I call up the bill (H. R. 4810) to authorize the incorporation of companies to promote trade in China.

The SPEAKER. The gentleman from Minnesota calls up a bill, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar, and the House automatically resolves itself into the Committee of the Whole House on the state of the Union, and the gentleman from Oregon [Mr. McARTHUR] will take the chair.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. McARTHUR in the chair.

Mr. VOLSTEAD. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent to dispense with the first reading of the bill. Is there objection?

There was no objection.

Mr. VOLSTEAD. I yield to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Chairman and gentlemen of the committee, this bill has the unanimous report of the Committee on the Judiciary of the House of this Congress, and it also had similar action in the last Congress. It also passed the last House by a large majority.

The purpose of this bill is to increase the commerce of the United States with China. It provides for an incorporation law to meet a situation that is very necessary to be met in order that we may encourage and assist American trade in China.

Under the present system, by which Americans are doing business in China to-day, they must incorporate their companies under the laws of some one of the 48 States. Many have done that, but the system is not at all satisfactory, for several reasons. One of the reasons is that it does not provide a uniform law. In other words, there may be one company incorporated under the law of New Mexico and another under the law of New Jersey, and so on. It causes uncertainty as to what is the law governing these companies.

Mr. GARNER. Will the gentleman yield?

Mr. DYER. I yield to the gentleman from Texas.

Mr. GARNER. I observe that this bill gives the Secretary of Commerce the power to revoke a charter. Does the gentleman know of any State statute in the Union that delegates similar power to revoke a charter after it has been granted, to do so without a hearing in court or otherwise, at the pleasure of some executive officer?

Mr. DYER. Mr. Chairman, in response to the gentleman from Texas I will say that this is thought necessary to take care of an extraordinary situation.

Mr. GARNER. Let me illustrate the situation, if the gentleman will allow me. The Standard Oil Co., or some other company, has a charter to do business in China, and the gentleman from Missouri is managing a campaign, and he says to these people, "Give up so much or we are going to cancel your charter, because we have the right to do it without examination or investigation, and no court in the country can help you."

Mr. HUSTED. Will the gentleman from Missouri yield?

Mr. DYER. I yield to the gentleman from New York.

Mr. HUSTED. I should like to say for the information of the gentleman from Texas that there is a limitation in the bill upon the right of the Secretary of Commerce to revoke a charter.

Mr. GARNER. What is the limitation?

Mr. HUSTED. There is this limitation, that the corporation may appeal to the court within 10 days after the revocation, and the court has the power to restrain the action of the Secretary of Commerce until the final determination of the suit.

Mr. GARNER. In the meantime the business of the corporation has ceased.

Mr. HUSTED. It has not, because it can immediately get a restraining order against the Secretary.

Mr. GARNER. I understand that, but if the gentleman from New York was doing some business in China and I was Secretary of Commerce and I went to the gentleman and suggested that it was in his interest to follow a certain line of procedure, with the intimation that if he did not follow it I

intended to cause him to go into the courts to protect his interests, I imagine it would be very persuasive, would it not?

Mr. HUSTED. Well, if the gentleman will permit, of course these corporations are doing business at very long range, and it seemed to be the opinion of everybody who was consulted about the bill, and all of the departments of the Government, that the Government of the United States should have a very secure control over these corporations.

Mr. GARNER. I just wanted to call attention to the possibilities.

Mr. HUSTED. The provision was put in the bill that if the corporation felt itself aggrieved it might immediately appeal to the courts, and the courts have the power to restrain the action of the Secretary of Commerce until the final determination of the merits of the case in a proceeding brought for that purpose.

Mr. GARNER. If the gentleman from New York will permit, if the gentleman should suggest that the Legislature of New York pass a provision giving the secretary of state of New York the power to cancel a charter after it had been granted, without cause or otherwise, he would find that the commercial interests in New York would be very much opposed to it.

Mr. HUSTED. As a matter of fact the commercial interests in China are not only not opposed to it, but they are very much in favor of it, and the commercial interests in China are the ones that are insisting upon it.

Mr. GARNER. Will the gentleman yield further?

Mr. HUSTED. Yes.

Mr. GARNER. Certainly the commercial interests in China are in favor of this or any other provision that you will put into this bill so long as you put the heart in it which exempts them from taxation. That is all there is in this bill or all there ever will be in it—exemption from taxation.

I call the gentleman's attention to the further fact—and I want the committee to remember it—that there is agitation throughout the country now that we shall exempt the people doing business in China, and every American who lives outside of the Stars and Stripes, to exempt him from the income tax. That is why I am opposed to the bill.

Mr. DYER. We are not exempting Americans from payment of the income tax. There is no provision that exempts an American residing in China from paying the regular income tax. The only provision of the bill referring to taxation is to exempt these companies from the payment of a corporation tax on business they do wholly in China. The necessity for this is because they can not compete with the trade in China with other nations unless we do it. Great Britain is exempting its nationals and corporations from the payment not only of corporation tax of companies organized and doing business in China, but also exempting them from the payment of an income tax on income derived from business in China.

Mr. MILLS. Will the gentleman yield?

Mr. DYER. Yes.

Mr. MILLS. Is it the intention in this bill to exempt dividends paid to individual stockholders in these corporations?

Mr. DYER. It is not.

Mr. MILLS. Is it the intention to limit the exemption of the earnings of these corporations to money earned in China?

Mr. VOLSTEAD. Not strictly; but if more than 5 per cent of the profits are derived from business in the United States no exemption is granted.

Mr. MILLS. Will the 5 per cent earned in the United States under the terms of this bill be taxable?

Mr. VOLSTEAD. Taxable when paid to the stockholders; it will not be taxable when held by the corporation.

Mr. MILLS. The point I am raising is if the bill taxes any of the earnings made in this country, even though it be limited to 5 per cent, then ipso facto the law exempts the dividends paid to stockholders, which you do not intend to do. I want to ask the gentleman in charge of the bill whether he was entirely clear that he had given complete exemption to this corporation of all money earned, wherever earned, or whether he had limited the exemption to money earned in China.

Mr. VOLSTEAD. If the corporation derived less than 5 per cent of its profits from business in the United States, it will be exempt as far as the corporation taxes are concerned, but whenever the money is paid to the stockholders it is taxed the same as the dividends of any other corporation.

Mr. MILLS. I call the gentleman's attention to the fact that if a corporation pays any corporation tax, even if only 5 per cent, that ipso facto exempts every stockholder from the normal payment on dividends, even though the corporation may be exempt as to 95 per cent.

Mr. VOLSTEAD. Either I misstated it or the gentleman misunderstood me. If these corporations derive an income from business done in the United States in excess of 5 per cent



of their total income, they are subject to the tax the same as any other corporation. It is only in the event that they make less than 5 per cent on business in the United States that they receive any exemption.

Mr. MILLS. And they receive a complete exemption.

Mr. VOLSTEAD. No; the corporation receives an exemption.

Mr. MILLS. But that is complete.

Mr. VOLSTEAD. Yes; but the stockholders have to pay on whatever dividends they receive. This provision was drawn by the Ways and Means Committee and not by the Judiciary Committee. The Judiciary Committee refused to consider that question and it was referred to the Ways and Means Committee. The Ways and Means Committee drew the exemption which is contained in the bill, and it was, as I am told, considered very carefully by the Treasury Department.

Mr. MILLS. But a gentleman of the Treasury Department suggested to me that there might be some doubt about the 5 per cent provision if you allowed the 5 per cent exemption.

Mr. VOLSTEAD. There is no 5 per cent exemption. If any of these corporations earn more than 5 per cent on business in the United States they are not exempt at all, but pay the ordinary tax the same as any other corporation. The intention is to make these corporations practically domestic corporations of China. We do not propose to give them power that will enable them to compete with ordinary American corporations for business in the United States. If we did that we would give them a decided advantage over corporations created by the laws of the States, a thing we do not desire to do. If they do business in the United States so that they make as much as 5 per cent of their income therefrom, they get no exemption and are, then, on the same footing as any other corporation.

Mr. DYER. Mr. Chairman, as stated by the gentleman from Minnesota [Mr. VOLSTEAD], section 23 of this bill was prepared by the Committee on Ways and Means. The matter was submitted to that committee by the Judiciary Committee. That committee appointed a subcommittee, and afterwards reported to the full committee, and after hearings had, and upon the advice and assistance of the experts of the Treasury Department, the section was agreed to. There is no reason to complain in the manner indicated by the gentleman from New York [Mr. MILLS]. What we want to do is to give to our people and to our country and to our commerce the same opportunity of entering into the great trade that is now opening up in the Orient, in China, that is enjoyed by other countries.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. VOLSTEAD. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. DYER. Mr. Chairman, many years ago the United States enjoyed quite a trade in China. In fact, this country was the one that opened up the trade there and made it possible for foreigners to enter China to do business. Years after we had been there Great Britain came along and through her special laws passed for the purpose of taking part in China's trade, and because of our own laws we were practically driven from the sea, so far as the trade with China is concerned. Then Americans went into China to do business, but they had to incorporate under the laws of Great Britain, because they could not under the laws of the United States compete with companies organized under the laws of Great Britain. The British-American Tobacco Co. and other companies were compelled to take out charters under British laws, and they have operated to a large extent and no doubt, of course, are compelled to favor British interests and British commerce. Later on, in March, 1920, Great Britain, desiring to further take care of her own people, enacted into law a provision which prohibited foreigners from holding positions in British companies. They even went so far as to prevent foreigners from being managers of companies organized under British laws. The result is that companies organized by Americans with American capital, operated by American brains under British laws, doing business in China, were compelled to turn over their companies to the British or move into British territory. For instance, the British-American Tobacco Co., one of the largest concerns in China, which is controlled largely by American capital and American business men, in order that their manager, an American, might continue to be at the head of the company, was compelled to move its offices from Shanghai to Hongkong, because Hongkong is a British Province and is operated entirely under British law.

Mr. Chairman, those are some of the reasons that compel us to seek this legislation. We have a great opportunity for trade in China because of the friendship that the people of that country bear to America. Many of the Chinese of wealth, with ingenuity and opportunity, desire to enter largely into business and to unite with Americans in advancing their country's com-

merce and business. They can not go into American companies with their capital without being compelled to pay corporation taxes to the United States upon the money they invest and upon the business they do in China. As a matter of necessity, therefore, they go with their capital and their business to British companies and the Japanese and French companies, which are exempted from the payment of these taxes. A large part of the capital that will go to these companies will be Chinese capital. They will furnish at least one-half of the money that will operate these companies, which will bring to China the products of this country and tend to open up our factories and increase our business in this country. We will gain in prosperity here, our manufacturing concerns will sell their products to China, and we will gain many times more than we would lose because of the exemption granted to these corporations.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman yield?

Mr. DYER. Yes.

Mr. BLAND of Indiana. On page 17 of the bill, line 19, there is a provision which refers to the national prohibition act. Just what effect did the committee decide that provision would have on the trade of companies organized under this proposed law?

Mr. DYER. It is the intention in this provision of the bill to prohibit Americans from going to China and engaging in the liquor business. It is the intention of the committee that Americans shall not be permitted under this law to incorporate, and go to China and engage in the liquor trade. Of course, we can not prevent them from engaging in that business under some other law or under some British law, but we do not intend in this act of Congress to grant to Americans the right to engage in that business in China.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. GARNER. Mr. Chairman, as I understand the rule, on Calendar Wednesday general debate proceeds for two hours, one-half to be in the control of those in favor of the proposed legislation and one-half in control of those in opposition to it. I do not desire to control the hour in opposition to the bill and would rather have my colleague [Mr. SUMNERS of Texas], who is in favor of the bill, control that time. I would like to have him yield me 10 minutes.

Mr. WALSH. Is there anyone else over there who is opposed to the bill who desires to control the time?

Mr. GARNER. I do not know of anyone.

Mr. VOLSTEAD. I will be very glad to yield the gentleman from Texas [Mr. GARNER] five minutes.

Mr. GARNER. Mr. Chairman, I want to use these five minutes to call the attention of the committee to the purposes of this bill. This matter was before the last Congress for a year or more. A number of hearings were had. Because of the tax feature the Committee on the Judiciary sought the opinion of the Ways and Means Committee, and that is how I came to have knowledge of the purpose of the bill. If you will take out of this bill the provision with reference to the exemption from taxation, then there is not a man in the House who would want to move another step with it.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes.

Mr. DYER. The gentleman is mistaken about that. That is not one of the salient features. The salient feature is to have a law under which Americans may do business in China. I say this because of an investigation I made for more than two years, and a part of that investigation I made in China. This bill did not come out in the last year of the last Congress, but was brought to the attention of the Judiciary Committee of the House and the Judiciary Committee of the Senate more than two years ago by President Wilson, who asked for legislation of this kind.

Mr. GARNER. Gentlemen of the committee, I can no more illustrate to you that my statement is absolutely correct than to state to you that this bill has been agitated, hearings have been had on it, and every consent was consent to its report and passage except as to the taxing feature. Just as soon as they got permission to report the taxing feature they reported the bill, and they never would have reported this bill unless that provision had been in it.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARNER. I will.

Mr. LONGWORTH. I do not recall we had any formal division in the Committee on Ways and Means.

Mr. GARNER. No; I was going to make a statement about that. There never was, as my colleague from Ohio has just called to my attention, any resolution in the Ways and Means Committee indorsing this provision, but we did have a sub-

committee, and upon that subcommittee I served, and I declined to recommend the provision in the bill exempting these people from taxation, but the Judiciary Committee being unable to get this legislation from the Ways and Means Committee reported the bill anyway with the taxing feature in it. Now, gentlemen, what does it mean? You say it is a very small thing, and I agree, but there is not a man in this House but has had come to his desk, or at least many have come to mine, propaganda from organizations in this country which propose to exempt from taxation American capital invested under foreign flags. This is just a beginning; this is the entering wedge; and I ask you gentlemen, in all candor, if you exempt the American citizens doing business in China with American money, why should not you exempt the people in Canada, in Mexico, or in Cuba? Now, what would be the result of such a policy, say in Cuba? The statistics show that 52 per cent of the sugar produced there is produced by American capital, and you would be exempting from taxation that immense investment in Cuba. Why are we going to embark upon a policy of taxation in this country that the flag is to follow our business and yet is not to contribute for the Navy and the Army? Suppose those people in China become involved in some way by which they must call upon our Nation, and they call upon our consul, and our consul makes report to the State Department, and the State Department reports to the Navy, and we immediately send a transport to protect them, which we ought to do; in doing that I think they ought to pay their just proportion of the taxes to pay that expense. Now, I have no interest in this matter. I have given it very little consideration except the taxing feature, and I repeat that this bill would not be in here now and they would not give a hoot in the lower regions if it were not for the fact of getting this exemption in, and I want the committee to know that fact before they vote on this legislation.

Mr. VOLSTEAD. Mr. Chairman, I desire to be notified when I have spoken for five minutes. The gentleman from Texas [Mr. GARNER] is entirely mistaken about the motives that actuated the committee in reporting this bill. This bill would be here without regard to the tax exemption that it contains. I think I know pretty nearly the history of this legislation. When the proposition came to us first the bill was in such shape that the committee would not report it, and it was not because of the tax provision at all. It was too loosely drawn. It would have given to persons in China an opportunity to exploit those people. It had practically no restrictions in it. We took the bill and added one provision after another. We have drafted and redrafted it with the utmost care, and our chief concern has been to see that no one should get a charter for doing business in China that could unfairly exploit those people. The question of taxation was not a prime consideration in drafting this bill at all.

Mr. STEVENSON. Will the gentleman yield?

Mr. VOLSTEAD. I will.

Mr. STEVENSON. Will the gentleman object to an amendment striking out that tax exemption?

Mr. VOLSTEAD. Personally, I believe the tax exemption ought to remain in the bill.

Mr. STEVENSON. Oh, well.

Mr. VOLSTEAD. This bill gives no one power to do business in the United States; it is intended to give people who are permanent residents of China, but who are American citizens, an opportunity to do business in China.

Mr. STAFFORD. Will the gentleman yield?

Mr. VOLSTEAD. Yes.

Mr. STAFFORD. Assuming the case of an American citizen resident in China, president of this corporation, receiving a salary, say, of \$100,000; would that salary be taxable under existing law under this bill?

Mr. VOLSTEAD. Yes. It would be taxable just like the income of any other citizen of the United States resident in China. Such an income would be subject to taxation just exactly as though it was not derived from a corporation created under this bill. Our people resident in China are sought to be placed upon the same footing in business as other foreign people that are engaged in business there. We have got to compete with the English and other foreign corporations. They are exempted from taxation, and we ought to give our people the same opportunity that our competitors enjoy. That is what we are seeking to do. We do not intend to give them any special privilege, but an equal opportunity with the men with whom they have to compete.

Mr. JOHNSON of Mississippi. Will the gentleman yield?

Mr. VOLSTEAD. I will.

Mr. JOHNSON of Mississippi. We have extraterritorial jurisdiction in China; that is true, is it not?

Mr. VOLSTEAD. Yes.

Mr. JOHNSON of Mississippi. Now, suppose that this American capital goes to China and organizes a business and then they sell part of their stock, even a majority of their stock, to Chinese? There is absolutely nothing in this bill to prohibit it?

Mr. DYER. Yes.

Mr. JOHNSON of Mississippi. What is it?

Mr. VOLSTEAD. They can sell a majority, but they must reserve control, hence a majority of the voting shares can not be sold to the Chinese. It is the hope that we can interest Chinese capital in conducting this business. In that way we expect to get an opportunity to sell a lot of goods in that country. Under the provision of this bill, control of the corporations must remain with the Americans. We have copied the English scheme.

Mr. JOHNSON of Mississippi. All right. Another question: Now, having extraterritorial jurisdiction there, where a question arises between two Americans, the American court will cover it, will it not?

Mr. VOLSTEAD. Yes.

Mr. JOHNSON of Mississippi. Suppose a question arises where Chinese are interested stockholders in the business, then Chinese would be allowed to sit as judges together with American judges; would that not be true?

Mr. VOLSTEAD. Yes. My understanding is that that is a part of the treaty between China and this country.

Mr. JOHNSON of Mississippi. Then there is absolutely nothing in this bill that would not exempt the Chinese just as it would exempt the Americans?

Mr. VOLSTEAD. We have no right to tax the Chinese anyway.

Mr. JOHNSON of Mississippi. That is what I said. You give the Chinese the same right in this as you undertake to give the American people. You have no right to legislate over Chinese. I grant that.

Mr. VOLSTEAD. If China sees fit to impose a tax on the people they have the right so to do.

Mr. JOHNSON of Mississippi. These companies are not incorporated especially for the American people. This will enable the American people to use the Chinese to make money by which these men can profit. Does not the gentleman agree to that?

Mr. VOLSTEAD. No doubt.

Mr. ROSENBLUM. Will the gentleman yield?

Mr. VOLSTEAD. I will.

Mr. ROSENBLUM. Under the provisions of this act, would not a company in the United States be authorized to organize in China to exploit the natural resources and ship those natural resources here, such as timber and iron ore, or any other, and be exempt from taxation on the profits they had made in shipping that material into the United States?

Mr. VOLSTEAD. A corporation over there, if it did American business, so as to earn 5 per cent of its income from such business, would have to pay taxes.

Mr. ROSENBLUM. Say that they ship back here raw material that would come in competition with ore on the Lakes?

Mr. VOLSTEAD. They would have to pay tariff taxes.

Mr. ROBSION. Will the gentleman yield?

Mr. VOLSTEAD. I will yield to the gentleman from Kentucky.

Mr. ROBSION. If I understand it, it exempts all the corporations, all the companies incorporated in the United States, doing business in China.

Mr. VOLSTEAD. It does not do anything of the kind. It does not exempt a single one of them. Corporations created under this bill for the purpose of doing business in China can get no exemption unless they earn less than 5 per cent of their income from business in the United States.

Mr. ROBSION. But they must be incorporated under the laws of this country?

Mr. VOLSTEAD. Under this act.

Mr. ROBSION. To do business in China?

Mr. VOLSTEAD. Yes.

Mr. Chairman, I yield to myself three minutes more.

Mr. SWEET and Mr. SANDERS of Indiana rose.

Mr. SANDERS of Indiana. I was going to say it is clearly the purpose of this act, and I think a very beneficial purpose, to induce Chinese capital with American capital over there by creating this corporation under our Federal law and exempting the corporation from tax, because it is not, of course, our purpose to tax the Chinese as individuals or as corporations. But if Chinese capital joins with American capital under a corporation from any State then that corporation is taxable, and we do tax Chinese capital in that way, and this is for the encouragement of the joint use of Chinese and American capital.



Mr. VOLSTEAD. I want to say another thing. If you do not pass a law something like this bill our people will not incorporate under any American law. They can not afford to do so. They will incorporate under some foreign law, and we will get no tax at all; because they can not compete if they do not get the limited tax exemption that this bill provides for.

Now I yield to the gentleman from Iowa [Mr. SWEET].

Mr. SWEET. Now, if I understand this bill correctly, the gist of it is that the management of the corporation will be by American citizens?

Mr. VOLSTEAD. It must be.

Mr. SWEET. And the gentleman has spoken somewhat at length in regard to this being a matter between Chinamen and Americans. Now, under section 4, it says:

Three or more individuals (hereinafter in this act referred to as the "incorporators"), a majority of whom are citizens of the United States, may, in accordance with the provisions of this act, form a corporation.

Now, is it not true that the corporation may be formed without any Chinamen being stockholders whatever?

Mr. VOLSTEAD. Surely.

Mr. SWEET. And another provision, in section 5(f):

A majority of the directors and a majority of such officers shall be citizens of the United States.

Now, that does not mean that the Americans will own a majority of the stock?

Mr. VOLSTEAD. It does not.

Mr. SWEET. And, in fact, the Americans may only own 10 per cent of the stock.

Mr. VOLSTEAD. That may be true. That is true, so far as some of the foreign corporations are concerned now. We are trying to equalize conditions.

Mr. EVANS. Will the gentleman yield for a question?

Mr. VOLSTEAD. I will.

Mr. EVANS. Referring to paragraph 3 of subsection (c), section 4, found on page 4 of the act, will not the provision of that paragraph permit and leave with the Secretary of Commerce entire control as to the conduct of the business of the United States? And is it a sufficient precaution?

Mr. VOLSTEAD. Well, we will consider that when we come to read it under the five-minute rule.

Now, I just want to say in conclusion that this bill has the indorsement of the Secretary of State and the Secretary of Commerce, and, so far as I know, it has no opposition in either department. Legislation of this kind was recommended by the former administration. It is recommended by this administration. There is a pressing need for legislation of this kind at this time, for the reason that until recently American citizens could incorporate under English laws, but England has lately seen fit to change that. Every corporation organized under English laws must now be controlled by Englishmen, and everyone who knows anything about business in the Orient knows that these corporations are the chief instrumentalities through which business is obtained there, and unless we are willing to give to our citizens in the Orient this opportunity we shall fail to hold our own and fail to build up any new trade there to amount to anything.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I desire to propound an inquiry to the chairman of the committee. I ask unanimous consent to do that. Two or three gentlemen on this side have asked for time, amounting to 15 minutes. It seems to me there is some confusion as to how this division of time is to be determined.

Mr. VOLSTEAD. I would like to see if we can have an agreement as to the time. Perhaps the gentleman from Texas can obtain recognition and distribute some time on his side.

Mr. WALSH. He can obtain recognition if he is opposed to the bill. If anybody is opposed to the bill, he is entitled to recognition.

Mr. WINGO. I am opposed to the bill.

The CHAIRMAN. Unless some member of the committee desires recognition, the Chair will recognize somebody else.

Mr. WINGO. Mr. Chairman, I have already risen. I ask for recognition.

Mr. VOLSTEAD. Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Minnesota reserves the balance of his time.

Mr. WINGO. Mr. Chairman, I desire recognition.

The CHAIRMAN. The gentleman from Arkansas is recognized.

Mr. WINGO. Mr. Chairman, I have not had time to study the bill very closely, but from a hurried reading and listening to the discussion as best I could I have come to the conclusion that I can not support the bill in its present form. I recognize

there are strong arguments in support of the necessity for the formation of proper corporations to handle this character of business. As a general rule, I am opposed to Federal charters; but, of course, in certain classes of cases there are arguments in support of Federal charters. But that charter ought to be hedged around with proper restrictions.

I have read the bill very hurriedly, and I have not been able to find a provision that I was looking for. I will ask the chairman of the committee or some member of the committee to tell me whether or not you have a provision that protects the rights of the State to tax as personal property the shares of stock owned in this corporation by an individual citizen of the State. I have not found any such provision in the bill. Is it there?

Mr. VOLSTEAD. I did not catch the question.

Mr. WINGO. In the Edge Act, for example, there is a provision providing that the shares of stock of any corporation authorized under the provisions of this act shall be subject to tax by the State in which its home office is located in the same way and to the same extent as other corporations organized under the laws of that State doing a similar character of business. The shares of stock in such corporation shall also be subject to tax as the personal property of the owners or holders thereof in the same manner and to the same extent as shares of stock in similar State corporations. Have you a provision similar to that in this bill? If so, where is it?

Mr. DYER. The gentleman is referring to corporations having their home office in a certain State?

Mr. WINGO. The first part I read referred to that.

Mr. DYER. Of course, there is no home office here except in China.

Mr. WINGO. The last sentence of the paragraph I read was the one I had particular interest in. The illustration is this: Suppose I own \$10,000 face value of stock in one of these corporations that is to be organized under this act, and I render my return to the tax assessor in my county in Arkansas. Am I liable to the State of Arkansas for my personal rendition of that \$10,000 of stock, and if so, where is there such a provision in this bill? We have been careful in other charters that have been granted to preserve that right. Is it in this bill?

Mr. DYER. It is not directly in the bill.

Mr. WINGO. Only by special provision can we authorize the State to tax that stock as they tax the stock of other corporations when it is returned, not with the corporation's assets but when the individual makes his personal return, just as in the case of bank stock which an individual owns. He has to pay a personal tax on it.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. MILLS. May I ask the gentleman in what States they tax stock in a commercial organization as personal property?

Mr. WINGO. I only know that stockholders in banks have been trying at every session of Congress in recent years to get Congress to grant them double exemptions.

Mr. MILLS. The gentleman is correct as to banks, but I am talking about the stock of industrial and commercial corporations.

Mr. WINGO. Can the gentleman name the States that do not tax such stocks?

Mr. MILLS. Yes. Even when we tax personal property in the State of New York we never tax such stock as personal property.

Mr. WINGO. That is true. I understand that in the State of New York a man can dodge taxation by putting everything he has into certain kinds of stocks and bonds that are exempt from taxation. The gentleman's statement is somewhat like a statement that was made in the Committee on Banking and Currency, which surprised me very much. If I had a million dollars and were to invest it in the stock of a commercial corporation I in some States would not have to pay tax on that piece of personal property. The Supreme Court has held it to be personal property, and you can not plead, therefore, that every man who owns stock in it is entitled to exemption. It is true the Supreme Court has made that decision as to those who desire to dodge such taxation. What other State can the gentleman name?

Mr. MILLS. The State of Massachusetts.

Mr. WINGO. Why?

Mr. MILLS. Stock is only taxed as personal property. It may be true that some of the Southern States do not so consider it, but I beg to suggest to the gentleman that outside of the Southern States there is hardly a State in the Union that taxes stock. I am not talking about bonds.

Mr. WINGO. Oh, if the gentleman wants to tell how the tax dodgers get off by running a bluff, all right. There are some States where owners of stock in a bank get away without paying

tax on it, even though the law of their State requires it. Is not ownership of stock in such a concern personal property?

Mr. MILLS. Not according to my understanding of it or the laws of a majority of the States of the Union.

Mr. WINGO. What is it—real property?

Mr. MILLS. No.

Mr. WINGO. If it is not real or personal, what is it?

Mr. MILLS. For taxable purposes it has not been treated as personal property.

Mr. WINGO. I am not talking about taxable purposes. What kind of property is it?

Mr. MILLS. It represents an undivided interest in property held by that entity known as a corporation.

Mr. WINGO. Yes; it is corporate property.

Mr. MILLS. And it does not entitle the holder thereof to receive any property until the dissolution of that corporation. It does not even entitle him to dividends unless those dividends be declared by that corporation.

Mr. WINGO. If the gentleman will pardon me, I will not yield any further. I should like to do so, and I do not want to be discourteous, but I have heard that same argument at least once a year ever since I have been in Congress, and I know what the gentleman's conclusions are, and there is a good deal in the argument. It is a very seductive argument. But now let us see.

Mr. MILLS. Will the gentleman yield for a moment?

Mr. WINGO. No; I promised to yield a good deal more time than I have, and I am sorry I can not yield. If the gentleman has any trouble later on, I will try to get him five minutes. It is a seductive argument, but if you will look over the Supreme Court decisions you will find that the Supreme Court has held that stock of this kind is subject to taxation in the State as personal property. I challenge any lawyer to contradict that assertion. Now, it may be said that the States have not done it. If there is one State in the Union that wants to assert its inherent right to tax the stock of a corporation owned by one of its citizens, even though that corporation be in China, and he is getting his dividends from it, while his next-door neighbor or a member of his family may have his money invested in the stock of a domestic corporation and that member of his family has to pay taxes under the personal-tax laws of the State, why should you grant to one person exemption by an act of Congress and tie the hands of the State taxing authorities? It is not fair. It is not right.

Gentlemen say they can take care of it. But you are granting a Federal charter, and unless you place the same kind of a provision in here that we put into the Edge Corporation Act, I fear the States can not tax the shares of stock. I am not going to take the time to go into the other question of exemption—

Mr. HARDY of Texas. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Texas.

The CHAIRMAN. The gentleman from Arkansas has used 10 minutes.

Mr. WINGO. I will yield to myself another five minutes.

Mr. HARDY of Texas. Was that same question raised in the consideration of the Edge Corporation Act?

Mr. WINGO. Yes; that question was raised.

Mr. HARDY of Texas. As I understand it, the stocks of corporations organized under that act are taxable in the State where the owner of the stock lives.

Mr. WINGO. Yes; I read the provision a while ago. It provides that shares of stock of any such corporation shall also be subject to taxation as personal property of the owner or holder thereof in the same manner as shares of stock in similar State corporations. In other words, if similar State corporations in New York are not taxable, then they would not be taxable under this. The point is to leave it to each State, and not let the Federal Government by congressional action coerce the State by saying, "You can not impose a similar burden on one citizen because he has one kind of stock, while on another citizen who happens to own another kind of stock we will make him pay taxes." In other words, leave that matter to the States. The gentleman from New York [Mr. MILLS] can not complain of that kind of a provision, because if his contention is true, no citizen of New York, with that kind of a provision written into this bill, would have to pay taxes on this stock provided the State of New York sees fit to exempt that kind of stock from taxation. But, gentlemen, here is what you are doing. I am a great believer in fostering the trade of the United States. I believe the future prosperity of this country depends upon our finding steady profitable markets for the surplus products of our farms and mills and factories, and I believe in that; but I am not so foolish as to think that in order

to do that you have got to give anyone a special privilege. If you grant to these stockholders this exemption from taxation, both Federal and State, to which I have referred, if you grant that to these China corporations, what are you going to say to the great banking corporations organized under the Edge Act when they come in and say, "Give us the same exemption from taxation which you gave to the dealer in Chinese commodities. We are handling the financial end of it." This act, I notice, is very careful to contain just the opposite provision to what is in the Edge Corporation Act.

In the Edge Corporation Act we limit them to handling bills of exchange, the financial paper that handles the export trade. In this act we limit them to handling commodities, and say that they shall not deal in the financial paper of the Edge Act. Now, it is proper to segregate the two, but if you give the commodity exemption from taxation what defense can you offer when the Finance Corporation comes in and asks the same exemption? You can not refuse, you will have to give them.

How many corporations are already organized under the Edge Act? How many? I hope there will be a sufficient number organized so that we can meet the changed conditions, so that the surplus cotton and the surplus wheat can be sent to every port on earth. Now, I want trade developed in China, but it is not necessary to give them this special privilege that is given them under this bill.

On yesterday we were considering a great supply bill by which we are to spend millions of dollars to maintain a Navy to back up these corporations and protect their rights in the Far East. Will you tax the overburdened taxpayers of the country to maintain your expensive commercial agents and your expensive Navy for the purpose of protecting these men and then say "You shall be exempted from paying your part of the burden of taxation to maintain the Navy which will maintain your trade and your business in the Orient"? It is not sound, it is not right.

Mr. VOLSTEAD. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. GRAHAM].

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I probably will not require five minutes to address myself to the question of taxation. I think the gentleman from Arkansas has taken a wrong view of that subject, with all due respect to his opinion. There is no provision in this bill that exempts stock of this corporation from State taxation, not a word. You may assume, therefore, that the State has the right to tax unless it is restricted or taken away in the act of Congress. If that be true, when you make the return, if you were doing it in our State, you would be obliged to report money invested in stocks in other countries and other places. They would tax the money thus invested as a part of your possessions. The question is not whether you shall put something in this bill to preserve the inherent and imperial right of a State to tax, but whether or not you have put something in to take it away. There is nothing in the bill taking away or limiting the State's right to tax.

Now, I wish to say a word generally in regard to the bill itself. Is America going to take its place among the nations of the world? Will we give encouragement to our foreign trade? What is the proposition that will help put us in our proper place? The taxing features have been carefully safeguarded, and the concessions that are made are not those that would rob this country of revenue, but are those which would encourage American citizens to engage in the export trade with this foreign country.

With reference to the question asked a while ago: If a man were president of one of these companies and got \$100,000 salary a year, would he be exempt from taxation? Why, clearly, any tyro in the law would answer at once that in his personal income he would have to report that salary, and upon it the internal-revenue taxation fixed by Congress would be assessed.

Mr. DYER. Will the gentleman yield?

Mr. GRAHAM of Pennsylvania. I will.

Mr. DYER. What does the gentleman say as to the matter mentioned by the gentleman from Arkansas in regard to the Edge Act? Are they not dissimilar?

Mr. GRAHAM of Pennsylvania. The Edge Act is applicable to a totally different class of corporations which do business in this country. This act is intended to create a class of corporations which do business exclusively in China.

#### MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed bills of



the following titles, in which the concurrence of the House of Representatives was requested:

S. 535. An act to prevent the unauthorized landing of submarine cables in the United States; and

S. 1084. An act to provide a national budget system and an independent audit of Government accounts, and for other purposes.

#### COMPANIES TO PROMOTE TRADE IN CHINA.

The committee resumed its session.

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, I realize that this is a very important item of legislation. In so far as this country is concerned, it is an experiment. It has a number of definite subobjectives. I am going to try in the 15 minutes assigned to me, if possible, to help clarify some of the points about which there seems to be some confusion. In the first place, this legislation is intended to meet a definite situation. In the Orient, as we all know, there is a considerable territory over which outside nations exercise a qualified sovereignty. Most of the leading commercial nations in the world have in China, domiciled in that territory, corporations organized by authority of those nations, and doing business in China as aids to commerce and business with the countries of their creation. The boards of control of these corporations are composed of the nationals of the nations which are their respective creators. But other than American concerns doing business in China are able to use a great deal of the native capital, because the capital invested by the natives is not subjected to double taxation. That capital is exempt from taxation by the foreign Government granting the charter. That is the situation. There is no such exemption in favor of the native investing in the stock of American corporations. The disadvantage in the competition for native capital and native affiliation is obvious. The native will not put his money in with the American if it subjects him to taxation by a foreign country as well as his own, when he can invest with an English competitor and have to pay taxes only to his own country.

There has been no effort in the bill to exempt the nationals of this country from the same tax he would pay if he was doing business in America. If there is any such exemption, it has not been intended, and I am sure the committee has every disposition to remove it. In order for us to get native capital, we are compelled to offer the native the same inducements that English corporations offer him.

This is not a theory; it is a fact that the English corporations now afford to the natives an opportunity to own shares of stock in English corporations and to pay no taxes to the English Government. This presents a plain, practical proposition. We must either "cut in" at equal advantage or cut out of the China trade. We have no chance to get the use of Chinese capital in American corporations unless we exempt the Chinamen from the necessity of paying taxes to the American Government after having been taxed by the Chinese Government. That is common sense. This is important right now, when business relationships of the world are being refashioned. If we are going to be able to compete in China, in that great territory to which all of the nations of the earth are looking, then we must give American citizens who go to that country the possibility of offering just as attractive a proposition as the English citizen can give to the Chinaman. That is all there is to this bill.

What are we going to do about it? This is the best bill, I think, that can be drawn; at least, it is the best that the Judiciary Committee has been able to draw. I do not mean that it is perfect. We are either going to pass this bill and give the American who will go into that country as a pioneer for American industry and productivity on this side a chance to go to the Chinaman and say, "I want to tie up with you; I want to use your capital; I want to affiliate with you under as advantageous conditions as the Englishman can offer"; or we are going to leave American trade with China at a disadvantage.

Mr. JOHNSON of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. JOHNSON of Mississippi. I wish to call attention to the statement of the chairman of the committee a while ago that no one in an English corporation could hold stock unless he be an Englishman.

Mr. SUMNERS of Texas. No; he could not mean that, because that does not happen to be true. I know that he did not mean to state what is not true. I think he said the board of control has to be English; at least, that is what he ought to have said.

Mr. JOHNSON of Mississippi. I know that he said the other because I was watching it very carefully, and I have watched this matter for two months.

Mr. SUMNERS of Texas. Well, that is not the situation. It is only the board of control which is English.

Mr. Chairman, I assume that it is agreed among the Members of the House that it is advantageous to have the corporations which are in China and which represent the productive energy of this country and in a definite sense fashion our reputation there under Federal control for two reasons. The first is that only the Federal Government has the machinery for control. The second is that while it may be great ignorance upon his part yet the native Chinaman probably does not know where the State of Texas is, for instance, and when a man presents to him a proposition to invest in or do business with a corporation incorporated under the laws of the State of Texas he does not feel the degree of assurance that he would feel if the corporation was incorporated under the laws of the United States, which he knows much about. Besides, the United States has its foreign representatives abroad, its diplomatic corps, and the United States in its capacity as a National Government represents all of the States in their foreign affairs. That is one of its businesses. It is perfectly apparent, therefore, that from the standpoint of confidence inspired, from the standpoint of economy in supervision and control, and in possibility of proper control it is advantageous to have federally created corporations.

Mr. RAKER. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. RAKER. Suppose three American citizens from Texas went to China and formed a corporation under this act. Suppose they had native Chinamen with them. The natives from Texas invested, say, \$100,000, and made \$10,000. Would they have to pay any income or excess-profits tax?

Mr. SUMNERS of Texas. The Texas citizen operating under this law would pay exactly the tax which the national residing in the United States in Texas pays.

Mr. RAKER. So that, as a matter of fact, all of the money they invest as American citizens in the corporation would have to pay the same tax as though the money were invested in the United States.

Mr. SUMNERS of Texas. Yes.

Mr. RAKER. It simply exempts the Chinese who invest their money from paying tax on their part of the money earned by the corporation.

Mr. SUMNERS of Texas. You do three or four definite things. First, you provide for a charter granted by the Federal Government, and the reasons for doing that, I assume, are perfectly apparent to all. You provide Federal supervision and control. Then, of course, you exempt the Chinaman, the non-American national, from the necessity of paying taxes to a Government other than his own.

Mr. RAKER. But you do not exempt the American citizen.

Mr. SUMNERS of Texas. You do not exempt the American citizen. All sorts of wildcat corporations will be prevented from operation in that country if this bill becomes a law. There are many of them now there, bringing discredit to the American Government and the American people and American business, because the natives there do not discriminate. The purpose and object of this bill is to standardize corporations that represent the American people doing business in China and subject them to Federal control.

Mr. RAKER. Taking the situation as the gentleman has so clearly presented it, would an American citizen going to China and entering into a corporation of that kind be at any advantage over his neighbor in Texas who entered into a business in Texas, by virtue of going abroad and accumulating money and sending his products back to this country for sale? Would he obtain a benefit by doing his business in China and then sending his product back to this country to compete with that of his neighbor?

Mr. SUMNERS of Texas. He would not have an advantage from the standpoint of his obligations to the Treasury of his country.

Mr. RAKER. That is the thing that I am getting at.

Mr. SUMNERS of Texas. He would have a definite advantage in having the headquarters of his business in China, in being in direct contact with Chinese and in having Chinese money invested in his corporation and Chinese interests affiliated with his business. Of course the gentleman knows, as everyone knows who has ever undertaken to establish a new business, the advantage there is in having the important people of a community financially interested in the success of the business.

Mr. RAKER. Can he by investing his money in China produce his articles so cheaply that he can return them to the

United States and sell them in a high-price market and thereby, by virtue of his association with Chinamen, get an advantage over an American citizen who does his business in the United States?

Mr. SUMNERS of Texas. Of course, the gentleman's question is a little difficult to answer with a yes-and-no answer. These corporations are intended primarily to facilitate sale in China of American products, not producing corporations, not manufacturing, not importing to American corporations, not industrial corporations primarily. They are intended to facilitate commerce between the United States and China. Now, of course, being in China if a man hires a bookkeeper cheaper than he can in America whatever incidental benefit he could get by reason of the local labor condition, of course, he would get that. I assume the gentleman and everybody else would understand that. But as I understand it, and from the testimony before the committee, the chief reason why this law is desired is, if some American has an attractive proposition and a native Chinaman in the next block—

Mr. RAKER. Irrespective of a concrete case, suppose this corporation manufactures, say, a dozen silk handkerchiefs in China, and he can do it for 20 cents apiece, but it costs the American manufacturer in the United States 50 cents apiece. Why do you give this man who goes to China and does the work an advantage over the man who produces this same article in the United States?

Mr. SUMNERS of Texas. The gentleman will have to read the revenue laws to determine what advantage, if any, he may hold. But I will say this: That while this bill does not contemplate such activity, as a matter of fact, it would not change the situation. If there is somebody in China producing handkerchiefs at 20 cents apiece to be imported into this country, it would be just as well to have part of the profit go to the American business, which in turn might, through connections in that country and in this country, open up a market in China for something which we have to sell and which otherwise might not be bought from us.

Mr. RAKER. I knew the gentleman was familiar with the situation, and I thank him very much.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. SUMNERS of Texas. I will.

Mr. HARDY of Texas. I want to inquire about the question between the gentleman from Illinois [Mr. GRAHAM] and the gentleman from Arkansas [Mr. WINGO]. I would like to know if the gentleman has studied that question, and whether, in his judgment, this law not prohibiting a tax, a tax might be levied by the State upon the stock of this company, held by our nationals, and if it might why was the provision authorizing the States to tax stock placed in the Edge bill?

Mr. SUMNERS of Texas. This has nothing to do with the Edge bill, I assume; in the absence of a provision in this bill exempting property from taxation such stock would come under the general taxation provision which governs in this country; but I have not examined the law on that point.

Mr. WYANT. Will the gentleman yield?

Mr. SUMNERS of Texas. In just a minute. In other words, without having opportunity to investigate the legal question, I would be disposed to conclude that in order for these shares of stock to be exempted from taxation under the State laws, if the national is a citizen, there would have to be some specific provision of exemption, but if there is any question as to the shares of stock owned by any national being subject to State taxation, I would be perfectly willing to accept an amendment removing the doubt.

Mr. WYANT. If this corporation should earn 50 per cent on the investment of the capital, would they have any revenues to pay to the Federal Government? Would they be exempted and a similar corporation earning 50 per cent in this country be taxed and have to make the usual return?

Mr. SUMNERS of Texas. I will have to restate what I have said a couple of times before.

Mr. WYANT. I have not had time to read the bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. May I have two minutes more?

Mr. GARRETT of Tennessee. On behalf of the gentleman from Arkansas I yield the gentleman five additional minutes.

Mr. SUMNERS of Texas. In regard to that question I will restate what I said a moment ago. The corporation as an entity is subject to no taxation.

Mr. WYANT. Is it exempted from paying any tax?

Mr. SUMNERS of Texas. I have stated that three times. The corporation as an entity is subject to no tax.

Mr. WYANT. That answers the question.

Mr. SUMNERS of Texas. The American national owning shares of stock or deriving profits from the profits of the cor-

poration pays the same tax that he would pay if he were a resident in the United States and got his profits from a corporation operating exclusively in the United States.

Mr. WYANT. Suppose a man had a certain amount of money invested in a particular line of business; that three men control the corporation; would it not have a tendency on their part to invest capital in China, where it would be exempted from taxation, rather than in this country, where they are subject to high taxation?

Mr. SUMNERS of Texas. The gentleman, of course, will excuse me from passing upon the workings of the mind of an individual seeking to escape taxation.

Mr. STEVENSON. Will the gentleman yield upon the question of taxation?

Mr. SUMNERS of Texas. I will.

Mr. STEVENSON. In the matter of the national banks, was not the principle established that where the Federal Government established an instrumentality of business it was protected from taxation by the State unless the Federal Government creating it made provision for it? Did not it regulate that in the national bank, and was not that the reason we followed it in the Edge Act?

Mr. SUMNERS of Texas. If the gentleman states that—

Mr. STEVENSON. That is my recollection.

Mr. SUMNERS of Texas. If the gentleman states that as a fact, I, of course, recognize it as a fact.

Mr. STEVENSON. That is the reason why that was placed in the Edge Act. Now, one other question: What will prevent a man who has two Chinese partners, and have \$100,000 of his stock, from having the stock of this corporation issued in the name of one of his Chinese partners, and he merely signs in blank and gives it to the American to lock it up in his safe, and, while he is apparently not a stockholder, he is getting the benefit and not paying taxes?

Mr. SUMNERS of Texas. Nothing could keep him from doing it if he was willing to take a chance on getting caught. I do not know of any way on earth that we can legislate to keep a rascal from being a rascal, but we can punish him when caught. Now, if there are no other questions on the bill, I will yield back the remainder of my time.

Mr. VOLSTEAD. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. HUSTED].

Mr. HUSTED. Mr. Chairman, I happened to be a member of the subcommittee which framed this bill in the last Congress, and I am very much interested in it, because I think it is very important to American business interests in China. The taxation provisions which the gentleman from Texas [Mr. GARNER] and the gentleman from Arkansas [Mr. WINGO] objected to were framed by the Ways and Means Committee, and not by the Committee on the Judiciary. It has been stated that if that provision was not incorporated in the bill the Judiciary Committee would not have reported it. That is not true. The Judiciary Committee intended to report the bill without that provision in it, and leave it up to the Ways and Means Committee to frame an amendment to the revenue act.

I think it will throw some light upon this legislation if we review briefly the facts that made it necessary. The British control about 30 per cent of the business in China. America controls about 10 per cent. The Chinese are very favorable to Americans. They want to do business with America, but they want to do business on favorable terms. They do not want to make any financial sacrifice in order to do business with us. In the old days Americans did business largely under British charters, because those charters permitted Americans to control the management, and under the British policy those charters were absolutely exempt from British income taxation. But a comparatively short time ago, I think in the spring of 1920, the British, realizing that the Americans were working into this Chinese business, and fearing our competition, adopted orders in council that in the future the management of every one of these British corporations should be in British hands. And consequently there was no longer any interest for American business men doing business in China to put their money in these corporations, and there was no interest from the standpoint of America to have them do so, because as soon as the management passed into the hands of the British, American money was used to buy British goods and ship British goods into China.

Now, while we may feel that exemption from taxation is undesirable, that it is generally undesirable to discriminate, we are face to face with a condition. If our people are to do business in China, they have got to do business on equal terms with everybody else, and they can not succeed there if these corporations are taxed when British corporations are not. And yet those tax exemptions have been carefully safeguarded.



These American corporations are not exempt under the very terms of this act unless they declare 33 $\frac{1}{3}$  of their net income in dividends. If they declare 33 $\frac{1}{3}$  per cent of their net income in dividends, then 33 $\frac{1}{3}$  of it, if owned by Americans, is taxed in the United States. It does not exempt the salaries of any of the officials of these corporations from taxation.

And then there is another provision to the effect that they are not exempt from taxation at all if more than 5 per cent of the net income of the corporation comes from sources outside of China. The purpose of this act is to enable corporations to do business in China, to extend American business interests in China, to enable our American business men to go into that field, which is the richest undeveloped field in the world, which is the greatest prospective outlet for American goods, to build up their business, to do business there on equal terms with others, and to enhance the prestige and the wealth of the United States. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. GARRETT of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Chairman, the subject matter that I desire to present is in violation of the House rules affecting Calendar Wednesday. I recognize that fact. It is not germane to the bill under consideration. Unless I can get unanimous consent to incorporate in the RECORD a short explanation of a bill I have introduced I will yield back the time. I make this request.

The CHAIRMAN. Will the gentleman state it again?

Mr. BANKHEAD. The bill H. R. 3726 is a bill introduced by me a few days ago to encourage the development of the agricultural resources of the United States through Federal and State cooperation, giving preference in the matter of employment and the establishment of rural homes to those who have served in the military and naval forces of the United States. It is practically the same bill introduced by Mr. SMITH of Idaho in the last session, with some enlargement, making it a national measure instead of a bill applying only to the West. I ask unanimous consent that a brief explanation and synopsis of the bill which I have introduced may be incorporated in the RECORD.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to extend his remarks in the RECORD by including a synopsis of the bill to which he has referred. Is there objection? [After a pause.] The Chair hears none.

The following is the synopsis and explanation referred to:

APRIL 18, 1921.

#### COOPERATIVE RECLAMATION ACT.

The following is an outline of the proposed cooperative reclamation act (H. R. 3726) introduced by Mr. BANKHEAD:

The provisions of this bill apply alike to all parts of the country, providing for the reclamation by irrigation of the arid or semiarid lands of the West, and for the reclamation of the swamp lands of the South and of other parts of the country, by drainage or by protection against overflow.

Since the principal problem involved in the reclamation and utilization of lands of this character relates to finance, the financial plan which this bill contains is its most important feature. The financial problem incidental to land reclamation exists because of the rather long period of nonproduction which must elapse while the construction of reclamation works is in progress and while the settler is improving his land and preparing it for crops. Such period will vary from 4 to 10 years, depending upon the magnitude of the project and the financial plan adopted. Since no legitimate profit is possible until the land has been developed to a condition of practically normal production, most reclamation projects that are privately conducted fail, and because of the many failures that have occurred private capital has practically retired from this field of endeavor.

The reclamation of waste land by means of irrigation or drainage has for many years been one of the settled policies of most of the civilized Governments of the world. The reclamation of land by means of irrigation has been a settled policy of our Government for nearly 20 years. It is now proposed to add the reclamation of land by other means.

To-day the surplus lands of the country that possess any great agricultural value are the lands that require reclamation by some means or other. While it is agreed that the reclamation and settlement of most of such land can be successfully accomplished only through the cooperation of the Federal Government, it is quite obvious that such work should be done in pursuance of a system which once inaugurated will be self-continuing.

Such work can only be initiated through the use of funds appropriated by Congress. However, since valuable assets will be created through the wise expenditure of such appropriations, these assets can in turn be made the basis of further financing, thus obviating the need of any further advances by Congress. In fact, all amounts thus appropriated should, and can, be repaid with interest. These results can readily be accomplished under the plan contained in the bill and, in addition, the settlers will receive all the advantages of long-term repayments.

The basis for the organization of the reclamation project is a drainage or irrigation district, as the case may be, with full taxing powers and the right to incur indebtedness. This district shall be empowered by State law to enter into a contract with the United States for the reclamation of lands within its limits, and shall vote bonds for an amount covering the cost of such reclamation, such cost also including interest during the period of construction. When a district has issued

its bonds, and has deposited them with the Federal Farm Loan Board, the Secretary of the Interior may proceed with the construction of the project. The cost of constructing the first series of projects will be paid for out of the appropriation provided in the bill.

When the property of any district subject to assessment for the payment of its bonds is found by the Federal Farm Loan Board to have a value equal to twice the value of such bonds, the Federal Farm Loan Board shall sell such bonds to the investing public, and the money received from such sale shall be placed in the cooperative reclamation fund, to be available for the construction of what would be a second series of projects, this process being continued series after series without requiring any further appropriation by Congress.

The bill authorizes an appropriation of \$500,000,000, to be available at the rate of \$30,000,000 for each of the first and second years, \$40,000,000 the third year, and \$50,000,000 each year for the next eight years.

It is provided that the repayment of this appropriation shall begin the twentieth year or in 1942, at the rate of \$50,000,000 each year, which shall include accrued interest at 4 per cent. The amount which will be available for this repayment will be derived from the sale of district bonds and from the payment annually into the fund of 1 per cent of the cost of each project, beginning one year after such project is completed. The amount that can be derived from these two sources will depend upon the time required for constructing the works of a project and for establishing a property value so the district bonds may be sold.

Assuming that the average time for constructing the works of a project is four years, and that the accruing interest during such construction period will amount to 10 per cent of the amount actually expended, bonds would then be issued amounting to 110 per cent of such actual expenditure. The sale at par value of ten-elevenths of such bond issues would return the amount that had actually been expended to the fund. This would immediately become available for the development of other lands. The remaining 10 per cent of the bond issue would be deposited in the fund, the interest and principal payments on the same being available for reinvestment, the accruing amounts finally to be applied on the repayment of the appropriation made for the initiation of such work. By this means the fund available for construction would never be depleted.

The surplus which would be created, consisting of bonds with accruing interest, would on the basis assumed amount to more than \$500,000,000 by 1954. On the same basis about the same amount would be derived from the payment annually into the fund of 1 per cent of the cost of each project. More than \$1,000,000,000 would by such means be provided, which would more than repay the \$500,000,000 appropriation with interest. Assuming that the construction fund provided by appropriation can be turned over every sixth year, reclamation works costing nearly \$3,000,000,000 could be completed by 1954.

The bill provides that the district bonds shall draw 5 per cent interest, and be payable under an amortization plan during a period not exceeding 40 years. The payment of 1 per cent on the principal each year would retire the bonds within this period. Thus, while the entire cost of the project can under the plan be repaid into the fund for the reclamation of other lands by the end of about the sixth year after construction is initiated, the settler will receive all the benefits of long-term payments.

The payments to be made annually by the settler will be about as follows:

Interest on the bonds during the period of construction is to accrue and be added to the cost of reclamation, so no payment will have to be made during such period. Interest at the rate of 5 per cent per annum will be payable each year following the completion of the reclamation works. Payment on the bonds will be made at the rate of 1 per cent per annum to begin one year from the construction of the works. For the repayment of the appropriation 1 per cent each year shall be paid beginning one year after construction. The total annual payment will then amount to 7 per cent of the cost of the work, to be paid over a period of less than 40 years.

Provision is made for improving lands belonging to the public in any district and for disposing of such land to a qualified purchaser on easy terms of payment.

The Secretary of the Interior shall establish the maximum area of a farm unit or holding in any district, which shall not exceed 160 acres and, unless 80 per cent of all excess holdings within a district shall be reduced to the maximum area thus established, the Secretary shall not approve such project. The United States will control the price and terms for the settlement of all excess holdings, and the owners of such excess holdings shall confer upon the Secretary an irrevocable power of attorney to sell such holdings to actual settlers, according to the terms of a contract to be entered into by such owners and the Secretary before the project is approved.

For a period of not less than six months, former service men and women and the widows of men who have served in the Army, Navy, or Marine Corps of the United States in the war with Germany, or in any other war, or during the Mexican border trouble, and who have been honorably discharged therefrom (if otherwise eligible) shall have a preference right of entry and purchase of all open public lands and excess areas in a district.

The Secretary of the Interior shall be authorized to complete projects already begun under the provisions of the existing reclamation act from the fund created by this act. But all reclamation projects or units thereof, upon which actual construction work shall be commenced after the passage of this act, shall be organized in the manner described and shall repay the cost of such work into the fund with interest.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. BANKHEAD. Yes.

Mr. BLANTON. The gentleman, I believe, was present and heard the statement made by my colleague from Texas [Mr. GARNER] with respect to this bill, to the effect that it is just the beginning of other exemptions from taxation that are to be claimed later on with respect to manipulations in other countries. What does the gentleman think about that statement? Is he in accord with that?

Mr. BANKHEAD. I am not in accord with the principle of making any exemptions, generally, through legislation.

Mr. BLANTON. Then he is in accord with my colleague [Mr. GARNER] and against this bill?

Mr. BANKHEAD. He has given this much more mature consideration than I have. I must acknowledge that my knowledge of the bill is very superficial, but I agree in the general principle expressed by the gentleman from Texas [Mr. GARNER].

Mr. GARRETT of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. HARDY].

Mr. HARDY of Texas. Mr. Chairman, I do not think I will take 10 minutes, as it seems definitely and well understood by all the Members of Congress, I think, that in order to do business in the Orient our industrial organizations there must be put upon an equal footing with those of England and other countries competing with us in the field, for the Chinese business especially. The reasons have been so well stated that I will not discuss them, except to say that those of us who visited China last summer had the matter presented to us by American representatives of business over there in such a way that we saw if we did not pass a bill similar to this we had just as well retire from the field of business in China, because we could not compete with the English, who gave the Chinese an opportunity to participate in their business without the burden of certain taxes, which under our law is imposed on American corporations doing business in China. By this exemption the British corporations doing business in China were able to secure local Chinese influence and capital, and thus secure Chinese cooperation and favor which our corporations could not. Under these conditions even American capital preferred to take stock in British, rather than American, corporations doing business over there.

But I want to discuss to some extent the issue raised between the gentleman from Arkansas [Mr. WINGO] and the gentleman from Pennsylvania [Mr. GRAHAM], and I think the gentleman from Pennsylvania himself almost did away with his own argument when he said that a citizen of Texas could be taxed by the State of Texas on the money that he had invested in stock in a United States corporation, even though there was no permission in the act creating the corporation to tax the stock. That does not seem a rational proposition to me, because no State ever taxes the money invested in property, but it taxes the property. You buy a thousand dollars worth of horses; the State does not tax the money invested in the horses; it taxes the horses. If you invest a thousand dollars in railroad stocks the State does not tax the money you have got invested in those stocks; it either taxes the stock or it does not. You may put a thousand dollars in property that is not worth a hundred dollars. The State would tax your property and not the money you paid for it. I am of the opinion that the Edge Act was passed with the idea that a State was not permitted to levy a tax on the stock owned by its citizens in a corporation authorized by Federal charter, and the very fact that in the Edge Act permission is given to tax the stock indicates that without the permission the State would not have the right to tax it.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. MOORE of Virginia. Is it not perhaps analogous to the matter of the national banks, where the Supreme Court has held that without express provision to that effect a State would have no right to tax the stock of a national bank?

Mr. HARDY of Texas. I thank the gentleman, and I spoke to him a moment ago of this matter, knowing that if there were a law or a decision on the subject he would likely be familiar with it.

Mr. MOORE of Virginia. May I just state this further to the gentleman, as a reason that would apply in this particular case, perhaps, when we are doing something under the interstate commerce clause of the Constitution, leading to the conclusion that unless there is express permission given to tax, any State would be precluded from taxing? That the power to tax is the power to destroy, and if a State is permitted to tax the stock of a Federal corporation, the State, if it elects to do so, could destroy the corporation.

Mr. HARDY of Texas. Yes; tax it out of existence. But I take it that there is another and more potent reason for an express provision authorizing the States to tax.

If the gentleman from Pennsylvania is right, that the States have the right to tax unless prohibited by the law, then as there is no prohibition in this law it can do no harm to give the permission affirmatively, while if there is a legal question or doubt as to the right of the State to tax this stock, had not we better remove that doubt? The gentleman from Arkansas [Mr. WINGO] and the gentleman from Virginia [Mr. MOORE] say that they can not tax it unless it is permitted by the terms of the bill. Had we not better pursue the safe policy?

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. DYER. I will say to the gentleman that it was not the intention, I am sure, of the committee to exempt from taxation stock of this kind in the hands of individuals in the States.

Mr. HARDY of Texas. If there is doubt about it, would not the safest way be to—

Mr. DYER. If the gentleman from Texas himself is in doubt, I am willing to accept an amendment.

Mr. HARDY of Texas. I not only have such doubt, but I also have great respect for the opinion of the gentleman from Virginia [Mr. MOORE] and the gentleman from Arkansas, who agree with me in that idea.

Mr. DYER. There would be no objection to such an amendment if the gentleman thinks it well to submit it. It would do no harm.

Mr. HARDY of Texas. I would be glad to see such an amendment put in the bill, and will submit it if no one else does.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. SUMNERS of Texas. If there is any serious doubt—and it has developed that there is a serious doubt—I would be glad to see such a provision incorporated in the bill.

Mr. HARDY of Texas. I appreciate that expression, and I feel that would be the sentiment and the feeling of the entire committee that framed the bill.

Mr. TILLMAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. TILLMAN. The gentleman from California [Mr. RAKER] seemed to be disturbed for fear that some of these corporations in China might manufacture certain products and ship them into America, to come in competition with our own manufactured products. He would not be disturbed if the gentleman from Texas made it clear that under the provisions of this bill the corporation can not do that, because on page 3, subdivision (b), there is this provision:

Such corporation may engage in any business or enterprise conducted wholly within China and carried on with persons in China.

Then, if they should be engaged in the business of manufacturing furniture, for instance, they could not ship that furniture into America and sell it in competition with the furniture manufactured here.

Mr. HARDY of Texas. I do not know whether I would agree with the gentleman on that proposition or not. They might make the furniture in China, but somebody might buy it from them and ship it out.

Mr. DYER. Of course, if they did that, they would have to pay tariff taxes on it. The import taxes would have to be paid here, the same as on other goods coming from abroad.

Mr. HARDY of Texas. Yes. I can not see why they could not manufacture goods there on a parity with any other organization, and then pay such a duty in this country as the native Chinese organization would have to pay or as a British organization would pay. I can not see any objection to that.

But, gentlemen, I just want to express my hearty and cordial approval of the purposes of this bill, and for one I want to open up the avenues of trade by which the products of America can go to the Far East and have an equal opportunity there with the products of any other nation. I think that on the Pacific lies the future of our commerce to a large extent, and we must get in on the ground floor and put our industry on an equality with the industry of every other nation. Our enterprising business men must be permitted to do business over there, and this bill will do that very thing. Therefore I am very much in favor of it. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired. The gentleman from Minnesota [Mr. VOLSTEAD] is recognized.

Mr. VOLSTEAD. Mr. Chairman, I yield five minutes to the gentleman from California [Mr. OSBORNE].

The CHAIRMAN. The gentleman from California is recognized for five minutes.

Mr. OSBORNE. Mr. Chairman and gentlemen of the committee, reference has been made by several of my predecessors to the fact that a number of Members of this House and of the Senate were in China last summer.

I had the honor and pleasure of being a member of that party. I think all those who did visit China and who were witnesses in person to conditions in that great country are in favor of this bill and its purposes. The gentleman from New York [Mr. HUSTED] expressed very clearly the broad objects of the bill.

In China the British have the main control of commerce. Next to the British are the Japanese. Americans come third or fourth. I think France is ahead of America. Now, one



of the conditions acting to improve the status of British trade in China is this very matter of the incorporation of companies to do business there. In the past, up to two or three years ago, business was done there under what are known as the Hongkong ordinances, which are British ordinances. About a couple of years ago, or possibly a little longer, under orders in council, the Hongkong ordinances were so changed that no corporation could be managed by other than British subjects. At that time that cut out a great many Americans who were managing companies that had been incorporated under these Hongkong ordinances.

It is very important to nationals of foreign countries in China that they be enabled to enlist Chinese capital in their enterprises. As conditions now are it is impossible for Americans to do that, because British companies and Japanese companies can offer better inducements than American companies can, due to the fact that they can incorporate under their own laws and manage their own companies.

Mr. JOHNSON of Mississippi. Will the gentleman yield?

Mr. OSBORNE. Yes.

Mr. JOHNSON of Mississippi. Does not the gentleman think we ought to put a provision in this bill that will permit the States to tax this capital, a provision something like this: "Provided, however, That nothing in this act contained shall be construed to prohibit the States from taxing capital?"

Mr. OSBORNE. I think there ought to be no inhibition on the right of the States. I am not a lawyer, but if competent lawyers believe that some such provision as that is necessary, certainly I would not object to it. My ideas upon the subject are based on the broad general necessity for legislation of this kind.

Conditions for trade in China are extremely favorable to America. The popular feeling in that country is strongly in favor of the United States. It is hard to describe the feeling there. It is hard for us here to understand. When we go there it is exactly like going into another world. You feel as though you had dropped off the planet entirely and were in some other sphere, everything is so different and so vast there.

The CHAIRMAN. The time of the gentleman has expired.

Mr. OSBORNE. Will the gentleman from Minnesota [Mr. VOLSTEAD] give me a couple of minutes more?

Mr. VOLSTEAD. I am sorry that I have no more time to yield.

Mr. GARRETT of Tennessee. How much time have I remaining?

The CHAIRMAN. Fifteen minutes.

Mr. GARRETT of Tennessee. I yield two minutes to the gentleman from California.

Mr. OSBORNE. I thank the gentleman from Tennessee. I used to have the idea that the business of China was small and unimportant. Perhaps we have been brought up to look at it in that way in my State; but the fact is that the business in China is enormous, it is inconceivable; and in the nature of things it must become increasingly great, because the Chinese are, although slowly, gradually becoming to some degree westernized and accustomed to use our machinery and products. They know and need the things that we produce where formerly they did not have them or know the need for them. Their needs in the future are going to be marvelous. In my opinion, the greatest avenue in the world to-day for the trade of the United States is China, a vast and wonderful country. The Chinese are much like ourselves. You meet the Chinese and there is a candor and frankness about them that constitutes the best basis for successful trade and which is most engaging. They are a wonderful people, capable of immense advancement, and everything that it is possible for us here in America to do to increase our trade and our friendly relations with China is in the right direction. [Applause.]

Mr. GARRETT of Tennessee. Mr. Chairman, I yield five minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman and gentlemen, the question was raised as to why the provision was put in the Edge Act expressly providing for taxation by the States of the shares in those corporations. When we were discussing it I thought that it was based on the decisions as to the national banks. Some question was raised as to that, and for that reason I quote the syllabus of the decisive case in order that you may see exactly what the law is as to taxing these corporations without the consent of Congress:

A State is wholly without power to levy any tax, either direct or indirect, upon national banks, their property, assets, or franchises, except when permitted so to do by the legislation of Congress.

Section 5219 of the Revised Statutes is the measure of the power of States to tax national banks, their property, or their franchises, that power being confined to a taxation of the shares of stock in the names of the shareholders, and to an assessment of the real estate of the bank.

That is the syllabus in *Owensboro National Bank v. Owensboro* (173 U. S., 664).

Mr. MONTAGUE. Will the gentleman yield?

Mr. STEVENSON. I yield to the gentleman from Virginia.

Mr. MONTAGUE. Not controverting the gentleman's argument, may I ask was not the reasoning in that decision primarily based upon the ground that the national bank was a governmental agency and not a private corporation, and therefore that such tax is or might be destructive of such governmental agency?

Mr. STEVENSON. No; I do not think that it is that. It is because it is a governmental institution and a governmental corporation and the Congress set forth the limitations under which it should be taxed, and it could not be taxed under any other, and it could not be taxed unless it did so.

Mr. MONTAGUE. I do not desire to controvert the gentleman's argument. I think it is safer legislation to protect the right of the State to impose taxation.

Mr. STEVENSON. There is another reason why it was placed in the Edge Act. A long controversy arose immediately as to the national bank stock, as to where the stock should be taxed—whether it should be taxed in the home of the owner or in the home of the corporation. A stockholder living in New Jersey owned stock in a prosperous bank in New York City. New York undertook to tax him on the value of the shares in that city and the New Jersey people undertook to tax him on the value of the shares there. That controversy was settled by a statute which was put in the national bank act, and then we put that same form of statute in the Edge Act, so that we settled two things: First, that the stock should be taxable just as other stock in the same State was taxed and should be taxable in the place where the corporation had its place of business.

Mr. SUMNERS of Texas. I want to suggest that while the gentleman was absent there have been enough expressions by the members of the committee to indicate that the committee would be very glad to accept an amendment to the bill which would subject to taxation in a State the shares of stock owned by citizens. If that is the case, it might eliminate a good deal of the discussion. In view of such an agreement, what sort of an amendment would the gentleman suggest?

Mr. STEVENSON. I would adopt something similar to the language of the national bank act, which as amended says that the proper place of taxation is at the place where the corporation has its principal place of business. But the point I wanted to answer was the inquiry why the committee had done a work of supererogation in the Edge Act. It was founded on a decision of the Supreme Court of the United States.

Mr. GARRETT of Tennessee. Mr. Chairman, it has been my impression, as suggested by others, that the taxation provided for in the banking act giving express permission to the State to tax the stock of these banks in the hands of the shareholders was predicated on the proposition that the banks constituted a governmental agency and that that reasoning would not apply to industrial corporations. The Edge Act provided for the creation of institutions largely of a banking character, but as a matter of precaution, as suggested by many gentlemen, this ought to go in, and I have prepared an amendment, which I ask may be read in my time for information. It will be offered at the proper time.

The CHAIRMAN. Without objection, the Clerk will report the amendment for information.

The Clerk read as follows:

Insert the following as a new section on page 20:

"Sec. 23a. Shares of stock in any corporation organized under the provisions of this act shall be subject to tax as personal property of the owner or holder thereof in the same manner and to the same extent as the shares of stock in State corporations."

Mr. VOLSTEAD. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. BEGG].

Mr. BEGG. Mr. Chairman and gentlemen of the committee, I think I shall not consume five minutes, but I want to raise a question or two for the purpose of information for myself. I do not believe there is a man here who would oppose doing anything within reason to assist in developing trade in China or any other foreign country. If I can understand this bill correctly, the intent and purpose of it is to remit the normal corporation tax assessed against a corporation for doing business. But it seems to me that the language by implication creates the condition whereby the dividends of the corporation paid to the individual are not subject to the national taxes. If the amendment which has been offered, and which has been practically admitted, is adopted, that will take care of the State situation. I direct attention of the committee to the language in section 23, which adds a provision to the revenue act of 1918 and provides that a corporation organized under the China trade act of 1920, if certain conditions are complied

with, shall be exempted, one of those conditions being if they declare a dividend of 33½ per cent of their net income that then they shall be liable to taxation; but if they declare a dividend of 32½ per cent they shall be exempt from taxation. I call attention to the language on the top of page 19, which provides that the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make regulations and rules governing the liability of the stockholders for taxation on this dividend. If there be no condition whereby they are not liable, why the necessity for regulations and rules making them liable? It seems to me that language is not clear, to say the least, even if the intent is as it has been described to us. If I can make an analysis from that—not from the lawyer's standpoint but from the layman's standpoint—and if I were called upon to render a decision, I would interpret it that if they declare a dividend of 32½ per cent, less than 5 per cent of that being earned in the United States, they would be exempt from a dividend tax as individuals, not as a corporation. I may be entirely wrong, but I think if gentlemen will read that language carefully they will see that there is at least a possibility of a decision of that kind being rendered.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. BEGG. Yes.

Mr. MADDEN. The tax levied against the profit before the corporation declares the dividend is levied against the corporation.

Mr. BEGG. Clearly so.

Mr. MADDEN. And the stockholder is presumed to have paid the tax, hence there is no tax against this dividend except as it turns out to be income, as a personal income tax.

Mr. BEGG. That is correct.

Mr. MADDEN. The language the gentleman refers to covers exactly that case, I think. I call the gentleman's attention to this provision: We are remitting the corporation tax; there is to be no corporation tax; there ought not to be.

Mr. BEGG. Absolutely; I have no quarrel with the gentleman on that. Then why the language which provides that the internal-revenue officers, with the approval of the Treasury, shall determine the liability of shareholders when the earnings are over 5 per cent? Where is the liability, if you are a stockholder?

Mr. MADDEN. It is under the income tax.

Mr. BEGG. I am liable, anyway, if that language is not put in the law. If I am an honest returner, I am liable anyway.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. GARRETT of Tennessee. Mr. Chairman, I yield the gentleman two minutes more.

Mr. BEGG. If I earn \$10,000 as an income from stock, unless that stock can be exempted from an income tax, I am morally liable to pay the tax unless I am dishonest, and, as the gentleman from Texas said a moment ago, we are not trying to legislate to make a dishonest man honest, because that is impossible. We are exempting this institution that has an earning power for me as a private citizen from the regular tax levied against it as a corporation, under certain conditions, and one of those conditions is that if less than 5 per cent of the earnings are earned in the United States, and by implication you say you exempt the individuals' earnings from the normal tax in the United States. Else why the regulations? It needs no regulations to get my earnings on the income tax, because they are already provided for in the internal revenue law of 1918. We are making an exception to that, and then in this exception we say if over 5 per cent of it is earned in the United States then the internal-revenue collector, with the permission of the Secretary of the Treasury, will make regulations governing the individual liability for dividends. If there is less than 5 per cent in the United States, by implication I have no liability.

I believe every man here is in favor of encouraging the development of trade in foreign countries, but we are not in favor of making a loophole through which a private investor may escape his honest obligations to his Government to pay for the protection he enjoys under the flag.

Mr. VOLSTEAD. Mr. Chairman, I yield five minutes to the gentleman from California [Mr. LINEBERGER].

Mr. LINEBERGER. Mr. Chairman and gentlemen of the committee, as a Member representing one of those great far-flung western districts, a district located in and around the great cities of Los Angeles and Long Beach and the respective ports thereof, I have an intense interest in the passage of this bill. We on the Pacific coast believe that we are heralding what might be called the "era of the Pacific," realizing that beyond this great ocean there lies a population of some five or six hundred million people, who are just emerging, after thousands of years of lethargy, into a state of industrial and com-

mercial prosperity and consequent social advancement. The peculiar conditions which exist in China are unquestionably very favorable to American interests. As one who has lived 10 years of his life in foreign countries, I am deeply appreciative of the fact that most foreign corporations, other than those of the United States, enjoy immunities granted by their Governments which the citizens of this country do not enjoy at the hands of our Government. This they are entitled to when operating in foreign lands and under foreign conditions of competition with the great industrial nations of Europe and Asia.

The desirability of this particular market in China and the character of the relationship which may be developed by a closer commercial association can not be overlooked. It will undoubtedly increase our friendship and mutual understanding with that great people who at this time, as we well know, have a particularly kindly and friendly feeling for the United States. The provisions of the act permits the organization of these companies, and in turn enables them to interest additional Chinese capital, thereby further increasing that close relationship and friendship which already exists. As a Representative of a west coast district I am most vitally interested in the passage of this bill, and I trust that you will give it your most favorable consideration and vote for it. [Applause.]

The CHAIRMAN. Does the gentleman from California yield back the remainder of his time?

Mr. LINEBERGER. I yield back the remainder of my time.

The CHAIRMAN. The gentleman from Minnesota has two minutes remaining and the gentleman from Tennessee two minutes. Nobody desiring to yield time, the Clerk will read.

The Clerk read as follows:

*Be it enacted, etc., That this act may be cited as the "China trade act, 1921."*

It is the purpose of this act (1) to promote trade and commerce with China and create and develop markets in China for articles of commerce exported from the United States; (2) to provide a means whereby citizens of the United States may form corporations therefor; (3) so to regulate such corporations as to keep them at all times in control of individuals who are citizens of the United States; and (4) to provide for the proper conduct of such corporations.

Mr. SANDERS of Indiana. Mr. Chairman, I move to strike out, commencing, page 1, line 4, with the word "it," the remainder of the paragraph.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. SANDERS of Indiana: Page 1, beginning line 4 with the word "it," strike out the remainder of the paragraph.

Mr. SANDERS of Indiana. Mr. Chairman, I do not think that we ought to follow a legislative policy of starting out and telling the purpose of an act. It is not proper legislation to do so. That is for the courts to construe, and I think it is a very bad policy indeed.

Mr. GARRETT of Tennessee. Mr. Chairman, by all means that amendment should prevail. I do not recall many pieces of legislation with which I am familiar in which there has been an attempt to state what the act was for. The act, of course, is supposed to show for itself what it is for, and I very much hope the amendment of the gentleman from Indiana will prevail.

Mr. VOLSTEAD. Mr. Chairman, I do not believe that language should be stricken out. It declares the purpose of this bill; a declaration of that kind aids in the interpretation of an act. The courts very often investigate the reports made by committees to Congress to get at the purpose of any legislation; a declaration of this kind in the act would be considered by the court for the same purpose. It can do no harm and is not uncommon in legislative acts.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Indiana.

Mr. MONTAGUE. Mr. Chairman, I ask unanimous consent that the amendment may be again reported. Some of us could not hear it.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The amendment was again reported.

The question was taken, and the Chair announced the ayes seemed to have it.

Upon a division (demanded by Mr. VOLSTEAD) there were—ayes 51, noes 37.

So the amendment was agreed to.

The Clerk read as follows:

Sec. 3. The Secretary of Commerce shall exercise all powers and perform all duties imposed on him by this act, but in China only through such officers or agents as he, by agreement with the Secretary of State, shall designate and authorize so to act, and for this purpose the Secretary of Commerce and the Secretary of State may utilize such existing or create such new offices or agencies as they deem necessary. For the purposes of this act the action of any officer or agent so designated and authorized shall be made in the name and held to be the act



of the Secretary of Commerce: *Provided*, That upon appeal to the Secretary of Commerce any such action may be affirmed, modified, or set aside by him, as he deems advisable.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word. I think we ought to do everything possible to develop trade with China, but while we are doing that I think we ought not to throw the doors wide open for the creation of as many offices as some person here in one of these departments may think proper to create and pay any compensation he may think proper to pay. Here we are, in section 3 of this bill before us, authorizing the Secretary of Commerce and the Secretary of State to create any new offices or any new agencies that they may think necessary. Now, that is pretty broad. That power placed in the hands of any individual may be very badly abused. It seems to me that we ought, in the first instance, to make this law clear as to what obligations we are about to assume; that we ought to designate just what offices may be created and the number and the compensation beyond which the person who makes the appointment shall not go.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. SANDERS of Indiana. Does not the gentleman think that if there were an amendment made to the section saying that only existing agencies and officers could be used that it would be sufficient to carry out the terms of this act?

Mr. MADDEN. I am inclined to think it would.

Mr. SANDERS of Indiana. I think we have sufficient agencies and officers at this time to carry it out.

Mr. MADDEN. I think so, but at the same time I want to emphasize my protest against placing unlimited power in the hands of any Cabinet officer—I do not care who he is or by whom he may be appointed—to create offices and pay those who occupy them anything he pleases. The time has come when we must be definite. We must limit the obligations that these people may impose upon the taxpayers.

Mr. VOLSTEAD. But may I suggest to the gentleman that whether or not we strike out the last clause it effects no change because it is existing law. The power to appoint necessary personnel to carry out the duties of the Department of Commerce and the Department of State is broad enough to give that power anyway. The only way of keeping check is by limiting the appropriation for personnel.

Mr. MADDEN. And that is not placed in the hands of any committee or the House itself to limit the number of persons that can be employed or the compensation that can be paid?

Mr. VOLSTEAD. We never can do that; we can not tell how many they may need.

Mr. MADDEN. Then why not say it.

Mr. VOLSTEAD. Probably all they need are the people already there. In my judgment that cuts no figure at all, because authority already exists in the departments to employ the persons to perform any duties imposed on them.

Mr. MADDEN. I suggest that the gentleman move to strike it out then.

Mr. DYER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. DYER. I will say to the gentleman that the revenue that will come into the department from fees for the incorporation of these companies will more than pay any expense that will be caused by the selection of anybody.

Mr. MADDEN. In the conduct of any ordinary business it is always assumed if income is derived from a given activity that a part of that income, at least, will be saved, but no such consideration is given to any question here. We assume if income is derived that therefore we ought to create the places to consume the income. I am not in favor of that. I am in favor of economy, and if we can derive revenue from some source that will aid us in lightening the burden of taxation I am in favor of that. I am not in favor of spending it all simply because we get it.

Mr. Sisson. I move to strike out the last word, Mr. Chairman.

I agree with the gentleman from Illinois [Mr. MADDEN]. I do not agree with the chairman of the committee when he says that under the organic act the Secretary of Commerce can create as many offices as he pleases. That may be done by an appropriation committee if he makes an estimate for it, but under the organic act no such power is given as is given here. Now, the Secretary of Commerce, together with the Secretary of State, it says, in line 17, shall designate and authorize so to act, and for this purpose the Secretary of Commerce and Secretary of State may use such existing or create such new offices or agencies as they deem necessary. Now, that is a provision of law which in my judgment warrants them to create deficiencies in the creation of offices for that specific authority.

And there is no such authority in any of the acts creating the departments of the Government. They are only authorized to come before Congress, and there may be an order on appropriation bills, under the organic act, granting the right of the Appropriations Committee and Congress to appropriate for the offices necessary, but this language is so broad that they could appoint these men and charge the Treasury with it without coming to Congress and asking permission to make the appropriation. Therefore I think the gentleman from Illinois [Mr. MADDEN] is eminently correct in the conclusion he reaches, that you can create offices almost ad infinitum. Therefore, I think this law should be permitted. If what the gentleman says is true—and it is—Congress then can create at any time under the organic act all the offices necessary, but the right under this act to create agencies without the consent of Congress and to appoint officers and employees without the consent of Congress is bad and vicious legislation.

Mr. MADDEN. Mr. Chairman, I move to amend, on page 2, line 20, by striking out the words "or create such new," and then strike out the word "or" and insert the word "and."

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MADDEN: Page 2, line 20, strike out the words "or create such new," and strike out the word "or" where it occurs the second time, and insert in lieu thereof the word "and."

Mr. VOLSTEAD. There is no objection to that. It does not change anything.

Mr. SANDERS of Indiana. Will the gentleman from Illinois yield?

Mr. MADDEN. Yes; I yield.

Mr. SANDERS of Indiana. Should not the word "such," on line 19, be stricken out?

Mr. MADDEN. Yes; I think so. Strike out the word "such," on line 19, after the word "utilize."

The CHAIRMAN. The Clerk will report the additional amendment.

Mr. MADDEN. Mr. Chairman, I withdraw that.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois [Mr. MADDEN].

Mr. BANKHEAD. Mr. Chairman, let us have the section read as it would read if amended.

The Clerk read as follows:

SEC. 3. The Secretary of Commerce shall exercise all powers and perform all duties imposed on him by this act, but in China only through such officers or agents as he, by agreement with the Secretary of State, shall designate and authorize so to act, and for this purpose the Secretary of Commerce and the Secretary of State may utilize such existing offices and agencies as they deem necessary. For the purposes of this act, the action of any officer or agent so designated and authorized shall be made in the name and held to be the act of the Secretary of Commerce.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The question was taken, and the amendment was agreed to.

Mr. GARRETT of Tennessee. Mr. Chairman, may I call attention to one fact? I do not know whether it is a typographical error or not, but the word in line 20 is "offices" and not "officers."

Mr. MADDEN. Offices.

Mr. GARRETT of Tennessee. And you want it to read "officers"?

Mr. MADDEN. No; "offices."

Mr. GARRETT of Tennessee. That may mean a building there, might it not? You have in line 16 "officers or agents." What you are seeking to prevent is the creation of any new officers.

Mr. MADDEN. Officers.

Mr. MONTAGUE. Mr. Chairman, permit me to say that if you do that you want to use the word "agents" instead of "agencies." The word "offices" conforms to the word "agencies." You can not create new offices and you can not create new agencies. If you use the word "officers" you must use the word "agents."

Mr. TOWNER. Will the gentleman yield?

Mr. MONTAGUE. I will.

Mr. TOWNER. I suggest in connection with the word "utilize" the words "offices and agencies" are proper. You are using the agencies and officers, whatever they may be, either individual or collective, for that purpose. I do not think it would be proper to change those words to "officers and agents." You utilize such offices and such agencies as they may designate.

The CHAIRMAN. The "ayes" have it, and the amendment is agreed to.

Mr. SANDERS of Indiana. Mr. Chairman, commencing with the word "for" in line 21, I move to strike out all the language down to and including the word "advisable," in line 2, page 3.

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SANDERS of Indiana: Page 2, line 21, after the word "necessary," strike out the remainder of the paragraph.

Mr. SANDERS of Indiana. Mr. Chairman, I do not want to be understood as being opposed to this bill simply because I am offering an amendment to it. I am very much in favor of the bill. But it occurs to me that this part of section 3 is very unwise legislation. In the section amended by the amendment proposed by the gentleman from Illinois [Mr. MADDEN] we have the Secretary of Commerce and the Secretary of State, with their usual officers over there at their disposal in the ordinary and usual manner, in carrying out the terms of this act; and it struck me that that is really all that is needed; and when you go beyond that and add the provision which I seek to strike out it is a very dangerous thing.

In the first place, it takes it entirely out of the hands of the Secretary of State. His agents are acting there as the agents of the Secretary of Commerce. The bill provides that—

For the purposes of this act, the action of any officer or agent so designated and authorized shall be made in the name and held to be the act of the Secretary of Commerce.

That is, when some one in the employ of the State Department, acts, it is to be held as the act of the Secretary of Commerce.

Now, notice this provision:

That upon appeal to the Secretary of Commerce any such action may be affirmed, modified, or set aside by him, as he deems advisable.

You see, this would give each one of those subordinate officers full and absolute authority to act by and in the name of the Secretary of Commerce and only give the Secretary of Commerce power to review his action and set it aside, and until reviewed it would be in full force and effect.

I think that the language of the section which gives to the Secretary of Commerce and the Secretary of State the power to use their agencies in order to carry out this act is entirely sufficient, and I think it would be a very dangerous innovation to go beyond that.

Mr. VOLSTEAD. What is the amendment?

Mr. SANDERS of Indiana. To strike out the language beginning:

For the purpose of this act, the action of any officer or agent so designated and authorized shall be made in the name and held to be the act of the Secretary of Commerce: *Provided*, That upon appeal to the Secretary of Commerce any such action may be affirmed, modified, or set aside by him as he deems advisable.

Mr. REAVIS. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Yes; I yield.

Mr. REAVIS. If the act of the Secretary of Commerce is completed through his agents or agencies, would it not be the act of the Secretary of Commerce whether it was declared by this law to be so or not?

Mr. SANDERS of Indiana. I think so.

Mr. REAVIS. Now, then, if the Secretary of Commerce has the transaction completed through the agent of the Secretary of State, we would have the Secretary of Commerce standing responsible for an agency for which he was not responsible. The idea of the gentleman would be to strike out that portion of the paragraph, but not with the idea of relieving the Secretary of Commerce of any responsibility for the act of his own agents?

Mr. SANDERS of Indiana. Not at all.

Mr. REAVIS. But to relieve him of the responsibility for the act of the agent of somebody else?

Mr. SANDERS of Indiana. Yes. He has no authority over those agents and nothing to do with their appointment. Under this act they would have the right to bind him.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. HARDY of Texas. Does not the gentleman think that without this right given here to supervise and correct the acts of these agents placed in the hands of the Secretary of Commerce he would be theoretically liable for actions over which he has no control? In other words, that section would clothe the Secretary of Commerce with power to correct any errors that might be made by his agents?

Mr. SANDERS of Indiana. Yes. It seems to me it is a very awkward way to give the Department of Commerce and the Department of State charge over these matters.

Mr. HARDY of Texas. But the Department of Commerce is given control of it by this very act. I think that is very important.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. TOWNER. Let me suggest that after all it is the act of the Secretary of Commerce. He is intrusted with the execution of this law. It is only the consent of the Secretary of State that is granted, and that is for this reason: The Secretary of State appoints the diplomatic and consular agents, and it is perfectly proper and to be expected that they shall be utilized, for economic and other reasons. Now, while I think the gentleman's point is well taken in one sense, it occurs to me that there could not be any danger regarding the matter. I want to call this to the attention of the gentleman, if I may be allowed to do so, and also to the attention of the committee: The gentleman must understand that we are not dealing here with our own people or in our own country. This business is done in a foreign country. The business is affected by our foreign relations.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. TOWNER. I ask unanimous consent, Mr. Chairman, that the gentleman from Indiana may have an extension of time for three minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. TOWNER. These things mean very much to them. The fact that this is the personal representative of the Secretary of State, or indorsed and approved by the Secretary of State, means a great deal to them. It is very influential in the transaction. It carries a great deal of weight and influence, and for that reason these officers are placed in this form and these apparently unnecessary things are put in the bill.

I agree that the gentleman's position is well taken in regard to the absolute effect of this language. Under ordinary circumstances in the United States it might be even dangerous. But I would hardly think it would be wise to withhold and cut out this provision, because I think we must trust something to the representatives of our Government in foreign countries.

Mr. MONTAGUE. Mr. Chairman, will the gentleman yield for an inquiry?

Mr. SANDERS of Indiana. I yield.

Mr. MONTAGUE. If you do not retain all this language, who is responsible—both the Secretary of State and the Secretary of Commerce?

Mr. SANDERS of Indiana. Well, if we do not retain this portion that I seek to strike out, the Secretary of State and the Secretary of Commerce will deal with their agencies in accordance with the agreement in the ordinary way and in compliance with the agreement they make.

Mr. MONTAGUE. But here is the agency appointed by both of these authorities, and it would be a clumsy sort of administration if both of these authorities had to agree in every instance, whereas the Secretary of State only intervenes for certain particular reasons. But the intervention is not intended to impose upon him a responsibility. It seems to me the purpose of this act is to impose that responsibility upon the Secretary of Commerce. Therefore, I think the language as it now stands will perhaps meet the purposes of the situation better than to strike it out. I submit that with diffidence.

Mr. WALSH. Will the gentleman yield?

Mr. SANDERS of Indiana. I yield to the gentleman from Massachusetts.

Mr. WALSH. I think the purpose of this language was that if they utilize an official of the State Department, when he acts he is acting in the name of the Secretary of Commerce, and the Secretary of Commerce can set aside his act if he sees fit, and so preclude him from going to the Secretary of State to have his act modified, and therefore give rise to a conflict of authority. The first sentence in the section tells who is responsible for the operation of this act, and the intention is that if a representative of the State Department is chosen, he shall be chosen as the agent of the Secretary of Commerce, and that the Secretary of Commerce shall have full authority to review his action if he so desires.

Mr. REAVIS. Mr. Chairman, I desire to make an observation in this connection. In the first part of section 3 it is provided that while the agent may be the representative of the Secretary of State, under the language of the section he becomes by designation the agent of the Secretary of Commerce, for it says:

Only through such officers or agents as he, by agreement with the Secretary of State, shall designate and authorize so to act.



Thus the officer or agent becomes the authorized agent of the Secretary of Commerce by such designation. If the Secretary of Commerce can utilize the agents of the Secretary of State and thereby prevent the employment of additional men, the representative of the State Department so designated becomes the agent of the Secretary of Commerce; and if that is done, I can see no reason why the Secretary of Commerce should not stand responsible for the man whom he has designated to act as his agent.

Mr. SANDERS of Indiana. Mr. Chairman, if the gentlemen on the Judiciary Committee who have carefully studied this subject think this provision is so necessary, I will ask unanimous consent to withdraw my amendment.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to withdraw his amendment. Is there objection? There was no objection.

Mr. Sisson. Mr. Chairman, I move to strike out the last word. I do not know that I should have taken the floor if my friend from Indiana had not offered his amendment which he has withdrawn; but I do want to call the attention of the committee to an important matter in connection with the authority with which the Secretary of Commerce is vested here. This deals alone with officers and agents in China. All of our diplomacy is under the control of the Secretary of State. Therefore in the appointment of these men to perform certain duties for this corporation and its business in China it is highly important that the personnel, as well as the character of the business that is going to be performed, be scrutinized by the Secretary of State, in order to avoid any international complications. But in view of the fact that after they are appointed their actions and transactions of all kinds will be purely in reference to commercial matters, it is highly important that the Department of State be not mixed up in our commerce; because when you get your diplomacy mixed up with your business you are more likely to have international complications. So I believe whoever drew this section drew it with a good deal of care.

Mr. TEMPLE. Does the gentleman mean to say that the diplomatic officers of the United States should refrain from negotiating commercial treaties?

Mr. Sisson. Oh, no. I do not say they should refrain from negotiating commercial treaties at all.

Mr. TEMPLE. Or that the consular officers should refrain from performing all their commercial functions? They are exclusively commercial functions.

Mr. Sisson. There is a line of distinction that we ought always to make. By the way, that question has been under debate, and I do not want to go into it, because it would take too long to thrash out that question. Personally I do not believe that, aside from the negotiation of treaties, the State Department should engage in commercial transactions. I think that every employee of the State Department who has to deal with purely commercial matters ought to be transferred to the Department of Commerce.

Mr. TEMPLE. Including the consular officers?

Mr. Sisson. Yes; and let him become a commercial attaché.

Mr. TEMPLE. I think 95 per cent of the work of our consuls is commercial.

Mr. Sisson. I do not think they ought to be commercial. On the contrary, I have a great contempt for dollar diplomacy. I believe nine-tenths of our troubles grow out of commercial rivalry, and nearly all of the wars in the last century have been purely commercial.

Mr. HERRICK. Will the gentleman yield?

Mr. Sisson. I yield to the gentleman from Oklahoma.

Mr. HERRICK. Is it not a fact that that was the foundation of the great European war?

Mr. Sisson. I think so, my friend. I think that is true.

Now, I do not want to get into a discussion of dollar diplomacy. My purpose in rising at all was to give a very good reason why the Secretary of State should be consulted in this matter, and why, after the business is transacted, it should be turned over to the Department of Commerce.

The Clerk read as follows:

SEC. 4. (a) Three or more individuals (hereinafter in this act referred to as the "incorporators"), a majority of whom are citizens of the United States, may in accordance with the provisions of this act form a corporation.

(b) Such corporation may engage in any business or enterprise conducted wholly within China and carried on with persons in China; except that the corporation—

(1) Shall not engage in any business or enterprise unlawful in the territory in which it is carried on; and

(2) Shall not engage in the business of discounting bills, notes, or other evidences of debt, of receiving deposits, of buying and selling bills of exchange, or of issuing bills, notes, or other evidences of debt for circulation as money, nor engage in any form of banking business.

(c) The corporation shall not engage in any business or enterprise other than that authorized by subdivision (b), except that it—

(1) May purchase in the United States for transportation to China goods, wares, or merchandise necessary to the establishment and conduct of a business or enterprise in which it is authorized to engage;

(2) May do in the United States and elsewhere any act which is incidental to the organization of the corporation or to the issue, sale, transfer, or redemption of its stocks, bonds, or other evidences of indebtedness; and

(3) May do in the United States and elsewhere any act which is approved by the Secretary of Commerce as necessary to the establishment and conduct of any business or enterprise in which it is authorized to engage.

Mr. CLOUSE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Clouse: After the word "corporation," in line 6, on page 3, add the following: "Provided, That a majority of the stock shall be owned and issued only to American citizens: Provided further, That the transfer of the controlling stock to other than American citizens shall be and operate as a forfeiture of the charter."

Mr. CLOUSE. Mr. Chairman, I do not desire to discuss this. I merely want to call it to the attention of the committee and make a brief observation.

It is obvious from the language used in this bill that it would be possible for any two or more American citizens to make application for a charter, acquire the charter, and form a corporation purely in the interest of citizens of other countries. I believe that in legislating on this important measure we should make it plain and specific and let it be understood that no one other than an American citizen can take advantage of this act. I want to inform the members of the committee that I favor this proposed act. I am going to vote for it, but I want to vote for an intelligent measure and one that will fix, limit, and prevent fraud being practiced on this Government in procuring a charter to do business in China.

Mr. VOLSTEAD. Mr. Chairman, if I understand this amendment, it provides that a majority of the stock must be owned by citizens of the United States. I do not think it is desirable to put any such limitation as that into this bill. It is sought to retain control of these corporations in American citizens. Stock may be provided that does not have the voting privilege; that seems to be a custom over there. We want to get Chinese capital into these corporations and have them managed by American citizens, so that they will be used in our interest in the purchase of our goods. We can not afford to put limitations in the act that are absolutely unnecessary. This amendment would largely defeat the purpose of this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. CLOUSE].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from California [Mr. LINEBERGER].

The Clerk read as follows:

Page 3, line 11, after the word "unlawful," insert "under the laws of the United States or," so that the paragraph will read:

"(1) Shall not engage in any business or enterprise unlawful under the laws of the United States or in the territory in which it is carried on; and."

Mr. LINEBERGER. Mr. Chairman, my object in offering this amendment is simply to place these corporations operating in China under this bill under the same laws as that of the nation from which they receive the protection and the concessions outlined in the bill. I do not think it is necessary to argue this to any extent, because the equity and desirability of this provision will be acknowledged by every Member of the House. I therefore hope that the gentleman [Mr. VOLSTEAD] who has the bill in charge will agree to its adoption.

Mr. VOLSTEAD. Mr. Chairman, I doubt very much whether a provision of that kind ought to be adopted. It seems to me that we should not prescribe a code of laws for people in China. We can control these corporations to some extent, it is true, but I think when we say they shall not violate the laws of the country in which they operate we are going far enough. Further on in the bill we have a section that takes care of two particular statutes, which I think practically everyone will agree may properly apply to these corporations—one is the prohibition act and the other is the narcotic act. I think it has been the policy of this country for many years to discourage the opium trade in China, and since the liquor business is illegal in this country it would hardly look well for us to organize corporations to do that business in China.

Mr. LINEBERGER. Will the gentleman yield?

Mr. VOLSTEAD. Certainly.

Mr. LINEBERGER. Does not the gentleman include the territory in which the business is carried on? I understood the gentleman to say that they did not presume to say whether or not the corporation should obey the laws of China.

Mr. VOLSTEAD. Oh, yes; they are required to obey the laws of China, but I do not think we ought to try to apply our laws to China so as to make the corporation subject to American laws over there. China has laws of her own and our laws might conflict with theirs. When we undertake to pass laws for foreign countries we better go pretty slow.

Mr. LINEBERGER. Does not the gentleman provide, on page 17, line 19, that the national prohibition act of October 20, 1919, shall apply to these corporations?

Mr. VOLSTEAD. Yes; we want to prevent them from engaging in that business and compel them to comply with the requirements of the act. They may dispense many alcoholic preparations, however, and we want them to come under our regulations. They ought not to go over there to establish breweries or distilleries.

Mr. LINEBERGER. I am heartily in favor of that, but I wish to ask the gentleman whether or not the bill that he introduced in the House yesterday amending the Volstead Act would also apply to these corporations—whether they would be subject to it? I refer to the bill the gentleman has introduced strengthening the Volstead Act.

Mr. VOLSTEAD. They would not be covered by that act.

Mr. LINEBERGER. That is the reason for accepting my amendment. If my amendment is accepted they would be subject to that act.

Mr. STEVENSON. I want to ask if without the amendment offered by the gentleman from California these corporations would be limited by our antitrust laws?

Mr. VOLSTEAD. It is not intended that they should be.

Mr. STEVENSON. Then it is the desire that they shall operate trusts in China. [Laughter.]

Mr. VOLSTEAD. We provide that the Clayton Antitrust Act shall apply.

Mr. STEVENSON. Is it in the bill?

Mr. VOLSTEAD. I think so.

Mr. STEVENSON. If it is not in there the amendment of the gentleman from California would be pertinent.

Mr. WALSH. Mr. Chairman, I want to ask the gentleman from Minnesota [Mr. VOLSTEAD] a question. Suppose a corporation is formed for the purpose of developing a certain section of the country over there, to build a railroad. If the amendment of the gentleman from California [Mr. LINEBERGER] be adopted it would preclude that corporation from owning any stock in or operating a steamboat line, would it not?

Mr. VOLSTEAD. I presume it would.

Mr. WALSH. Or in a mining district for the transportation and disposal of coal. Might it not be that some section of the country there might need a corporation to handle all of that activity? This bill should not be hampered by such a provision.

Mr. VOLSTEAD. I do not think we should hamper these corporations with any unnecessary restrictions, but should allow China to make her own laws, just as other countries do.

Mr. GARRETT of Texas. Mr. Chairman, will the gentleman yield?

Mr. VOLSTEAD. Yes.

Mr. GARRETT of Texas. What business does the gentleman anticipate these corporations would do in China that would be unlawful to do in the United States?

Mr. VOLSTEAD. I do not know.

Mr. GARRETT of Texas. Then what harm can come of an amendment limiting a corporation that is doing a foreign business and providing that it shall obey the laws of its own country?

Mr. VOLSTEAD. We have a great many statutes covering business activities and we do not know how they would operate in China. Why should we undertake to pass a law of that kind?

Mr. GARRETT of Texas. May I remind the chairman of the committee that this bill is not seeking to legislate for China. This bill is seeking to legislate for Americans, for it is proposed that Americans shall control these corporations. By opposing this amendment the gentleman by inference says that a corporation organized in America to do business in China may go to China and in the transaction of its business do those things which it would not be permitted to do by the laws of our own country.

Mr. VOLSTEAD. It may not be illegal over there to do some of the things forbidden by our laws, and if it is not illegal there, why not let China make her own laws? We do not propose to legislate for Chinese business.

Mr. GARRETT of Texas. The gentleman does not propose to legislate for China by his amendment, but he proposes to say to these corporations that undertake to develop an old country into a new one that the laws that have been passed in America to regulate them and provide that they shall not do certain things shall apply to their conduct in China. That is not leg-

islating for China. China may have whatever law she pleases, but we are here proposing to turn a corporation loose to go to China and prey on the people of China in such manner as it sees fit, when we will not permit the corporation to do such things in our own country.

Mr. DYER. The gentleman evidently has not read the bill.

Mr. GARRETT of Texas. I have not studied the bill carefully, but I think I do understand the amendment offered by the gentleman from California [Mr. LINEBERGER].

Mr. DYER. If a corporation is organized under this act and attempts to do things which they are not permitted to do under the provisions of the charter, the charter can be canceled.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. DYER. Yes.

Mr. HUSTED. Is not one of the main purposes of this bill to so safeguard it that the business shall be conducted in such a way as to reflect credit upon the United States? That is the reason why those provisions were placed in the bill. I do not believe that a piece of legislation has ever been framed which more carefully safeguarded the business reputation of the country than this particular piece of legislation.

Mr. DYER. Mr. Chairman, what the gentleman from New York [Mr. HUSTED] says is correct. The Judiciary Committee of the House, as I stated previously, not only of this Congress but of the last Congress, spent weeks in going over this bill and every provision of it. That committee wanted to draft a law that would do what is intended shall be done, namely, help American commerce, and we wanted to be sure that there would be no opportunity for fleecing or taking advantage of the Chinese. In other words, we want to continue the splendid reputation we now have with the people of China.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. DYER. Yes.

Mr. SUMNERS of Texas. I am not advised, but I am under the impression that in the extraterritorial jurisdiction which we exercise in China—and we do exercise extraterritorial jurisdiction where American citizens are involved—the general penal statutes and other Federal laws of this country which apply to its citizens here apply to nationals there. I may be entirely in error, but has the gentleman information about that?

Mr. DYER. The gentleman is correct, practically. We have our own court there for the trial of Americans violating the laws or for the settlement of matters with reference to property rights.

Mr. CONNALLY of Texas. Mr. Chairman, I suggest to the gentleman from Missouri that the Alaskan code is in effect in China, so far as statutory offenses are concerned.

Mr. DYER. I think the gentleman is mistaken about that. Some hold to that opinion, but I do not think it is so.

Mr. CONNALLY of Texas. The judge of the court which enforces the laws testified to that before our committee, and I think he ought to have some knowledge about it.

Mr. DYER. I know that the judge of the United States Court in China holds to that opinion.

Mr. CONNALLY of Texas. If he holds to it, and he is running the court, it ought to have some effect.

Mr. DYER. I am satisfied that if his opinion in regard to that were taken to the court of appeals it would not stand.

Mr. SUMNERS of Texas. If we have a general code, wherever it comes from, or whatever code it is, by which the conduct of American nationals is controlled, then the amendment offered by the gentleman from California would not be at all necessary.

Mr. DYER. I think the gentleman from Texas is correct about that.

Mr. LINEBERGER. Mr. Chairman, the gentleman from Minnesota [Mr. VOLSTEAD] has practically admitted every query directed to him, as I understand it, justifying this amendment which I have offered. He has admitted that these gentlemen in China are to receive the protection of this Government, that they are to operate under a preferred act, exempting them from corporation taxes, and I ask if there is any reason why they should not abide by American laws, inasmuch as they are receiving preferential treatment, such as has never been extended before?

Mr. BARKLEY. Mr. Chairman, will the gentleman yield?

Mr. LINEBERGER. Yes.

Mr. BARKLEY. We have a law in this country providing for the inspection of beef which is shipped from one place to another in the United States, making it unlawful to ship that beef without such inspection. Would this law, if the gentleman's amendment be adopted, follow such a transaction with China?

Mr. LINEBERGER. It would make these gentlemen in China amenable to any law that is a Federal law in this country.



Mr. BARKLEY. And although they have no beef inspection law in China, still that would have to be done?

Mr. LINEBERGER. This entire bill, as I understand it, is framed with the idea of encouraging American enterprises in China, but incidentally we desire to safeguard the Chinese people against any abuses by these corporations, and my amendment is particularly directed against the manufacture of intoxicating liquors, and thereby protect the Chinese for all time from at least this one abuse at the hands of American citizens operating under the protection of our flag and our laws.

Mr. BARKLEY. Well, I understand the object of the bill is to enable the Americans to do business in China on terms of equality with other nations, and later on in the bill are three measures specifically provided for as being in force in respect to business done by these corporations.

Mr. LINEBERGER. The gentleman is correct. The bill is conceived with the idea of stimulating trade in China, but it also further provides that that trade shall be stimulated along proper and correct lines, and the particular reason for offering the amendment at this time is that I am aware of the fact that the gentleman from Minnesota [Mr. VOLSTEAD] has recently introduced a bill, which I hope will pass this House, supplementing and substantially strengthening the present Volstead Act, and it is my desire that the new bill shall apply, when enacted, to these corporations in China the same as the provisions on page 17, lines 19 and 20, this bill, with regard to the national prohibition act of October 28, 1919, commonly known to the American people as the Volstead Act.

Mr. BARKLEY. If the gentleman will yield further. If the new bill referred to is offered as an amendment to the national prohibition act—

Mr. LINEBERGER. It will not be offered as an amendment but as a supplemental act, designed to strengthen the present law.

Mr. WINGO. Will the gentleman yield?

Mr. LINEBERGER. I will.

Mr. WINGO. I understood the gentleman to say the object of this bill is to protect the Chinese against any vicious acts of these corporations?

Mr. LINEBERGER. I say that such protection is provided as an incident to the bill. There are certain provisions placed in the bill which incidentally do protect Chinese against certain abuses of American corporations. It is my understanding that the gentleman who framed the bill intended that this protection should be provided.

Mr. WINGO. Is the gentleman in favor of giving a perpetual Federal charter to a concern of this kind?

Mr. LINEBERGER. I do not care to discuss that question in detail at this time, and it is irrelevant to the amendment offered and now under discussion.

Mr. WINGO. The gentleman is for the bill?

Mr. LINEBERGER. I am for the bill.

Mr. WINGO. The bill does that.

Mr. LINEBERGER. I do not care to debate this phase of the question, but will say that section 24 provides that Congress reserves the right to amend, alter, or repeal the provisions of the act and any charter granted thereunder, and I think this answers the gentleman's query regarding perpetual charters.

Mr. UPSHAW. Will the gentleman yield?

Mr. LINEBERGER. I will.

Mr. UPSHAW. If this bill is intended to affect the conduct of corporations or individuals in China, then I fail to see where this amendment that is offered can do any harm whatever.

Mr. LINEBERGER. It can not.

Mr. UPSHAW. It only means to amplify and safeguard the general provisions of the bill?

Mr. LINEBERGER. That is exactly the intention, particularly with regard to any future supplemental legislation strengthening the national prohibition act of October 28, 1919.

Mr. UPSHAW. And it is absolutely safe to vote for it, and it might be unsafe not to support it.

Mr. DYER. Mr. Chairman, I say that, in my judgment, to attach that provision to the bill would have the effect of making it impossible of working, because those who would incorporate under this would not know what they could do or could not do without consulting all the statutes that may have been passed or may be passed in the future.

Mr. REAVIS rose.

The CHAIRMAN. Does the gentleman yield to the gentleman from Nebraska?

Mr. REAVIS. I desire to be recognized to oppose the amendment.

The CHAIRMAN. The gentleman is recognized.

Mr. REAVIS. Mr. Chairman, it seems to me the adoption of this amendment would defeat in large measure the purposes of this bill. One of the great difficulties America has always encountered in its foreign trade relations has been its demand that foreign countries should trade with us upon our basis of understanding and in accordance with our customs. The gentleman will remember a number of years ago when the South American countries went to the metric system that Germany immediately followed that system in all of her trade relations with South America while the United States still continued to demand that South American countries do business with us according to our practices and not according to theirs. The rules of conduct that govern organized society are the production of conditions and the relationship of men with each other under given conditions, and while they may apply in the environments of their creation they might be vitally out of harmony with the conditions that exist elsewhere. One of the purposes of this bill is to meet the requirements and the peculiar psychology of the Chinese people so as to permit American corporations and American business interests to do business in China in the same way that England and the other great commercial nations of Europe have been doing business with them for a number of years. Now, you want to load up a bill designed for such a purpose with amendments that will require the Chinese people, not to do business with us according to their own ideas of business, but to do business with us according to certain rules and regulations that of themselves fit conditions with us but do not fit conditions in China. The adoption of this amendment will in large measure defeat the very purposes which the bill is designed to accomplish, and I think it should be defeated. [Applause.]

Mr. CHALMERS. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman from Ohio rise?

Mr. CHALMERS. I ask unanimous consent that the Clerk again report the amendment.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The amendment was again reported.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the Chair announced that the yeas seemed to have it.

On a division (demanded by Mr. LINEBERGER) there were—ayes 31, yeas 85.

So the amendment was rejected.

Mr. LONDON. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. LONDON. Mr. Chairman, I move to strike out the last word. I want to ask a question. Section 4 reads:

(c) The corporation shall not engage in any business or enterprise other than that authorized by subdivision (b).

Now, subdivision (b) does not specify any particular business or enterprise. Subdivision (b) relates to the place where the business is to be done, and the point I am making is that subdivision (c) does not clearly describe the kind of business that is permitted or prohibited.

Mr. VOLSTEAD. It is not intended to prohibit anything except what is enumerated in subdivisions (1) and (2) of (b).

Mr. LONDON. But (b) does not classify or specify any particular class of commodity.

Mr. VOLSTEAD. Subdivisions (1) and (2) provide that they shall not engage in the business of discounting bills, notes, or things of that kind. Now, the object is to make it a general corporation; that is, give a general power to incorporate for any legitimate business.

Mr. LONDON. Any business whatever?

Mr. VOLSTEAD. Yes.

Mr. LONDON. And the gentleman believes subdivision (c) taken in conjunction with subdivision (b) makes this specific?

Mr. VOLSTEAD. I think so.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

Mr. BANKHEAD. Mr. Chairman, I move to strike out subdivision (3), page 4, of the bill.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BANKHEAD: Page 4, line 3, strike out all of lines 3, 4, 5, and 6.

Mr. BANKHEAD. Mr. Chairman, I do this merely for the purpose of inquiring of the chairman of the committee what was the purpose of giving such broad, blanket powers to the Secretary of Commerce as provided in this section?

Mr. VOLSTEAD. Well, the prior section practically confines all the business to China. Now, there are some things that may have to be done outside.

Mr. BANKHEAD. What sort of things?

Mr. VOLSTEAD. These corporations may to some extent have to deal with people in this country. Some authority ought to be given somewhere so that that may be done. They may want to get material here, for instance, and may want to make some contracts. Suppose they build a railroad, they would want to make contracts for the material, cars, locomotives, and things of that kind.

Mr. BANKHEAD. But it says that the Secretary of the Interior may approve any act done in other countries.

Mr. VOLSTEAD. It may be necessary to do some business in other countries. But the idea is to confine these corporations to business in China, so as to practically make them domestic corporations of that country. But to the extent that it may be necessary to operate outside, that may be done under regulations that may be prescribed by the Secretary of Commerce.

Mr. BANKHEAD. Mr. Chairman, I withdraw the amendment.

The CHAIRMAN. Without objection, the amendment is withdrawn.

Mr. ROSENBLUM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from West Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ROSENBLUM moves to amend, page 4, line 5, after the word "necessary," strike out the words "to the establishment and conduct of any business or enterprise in which it is authorized to engage" and insert in lieu thereof the words "for the sale and the transportation to China of goods, wares, merchandise, and commodities of all kinds."

Mr. ROSENBLUM. Mr. Chairman and gentlemen of the committee, I ask for about five minutes.

The title of the bill on the first page, section 1, designates as the purpose and the only justification for granting the particular exemption to any corporations that this bill undertakes to grant, is to permit trade and commerce with China and create and develop markets in China for articles of commerce exported from the United States. Now, with that purpose I am in full accord, and I am satisfied that the large majority of the Members of this House are in full accord with it. But shall we allow this to become the vehicle by which we shall permit American citizens to organize a corporation, with the exemptions granted by this bill, and engage in business in China with the main purpose of shipping commodities from China into the United States, as, on page 4, may be approved by the Secretary of Commerce as necessary to the establishment and conduct of any business or enterprise in which it is authorized to engage. My amendment seeks to limit that to the business of exporting from the United States to China our wares and merchandise.

The particular situation I have in mind in that connection is this: It may be that in the exploitation of the natural resources of China, such as the production of oil or the production of iron ore, citizens of the United States may incorporate under this bill and engage in the business of production of these natural resources of China, and ship them into the United States under the regulations prescribed by the Secretary of Commerce, and the profit made in that business be exempt from taxation, besides having other privileges. In order to carry that fully to your consideration, I will say that on page 18, line 19, the particular exemption from the income tax that is allowed is found in subdivision (c), in which it states, if—

It derives less than 5 per cent of its gross income from sources within the United States.

Mr. BARKLEY. Does the gentleman construe this bill to mean that this incorporation could buy goods in China to be shipped to the United States and sold?

Mr. ROSENBLUM. No, sir; but it could engage in the business of exploiting the natural resources. For instance, it could produce oil or mine iron ore and ship such products to the United States.

Mr. BARKLEY. How could it do so under this bill?

Mr. ROSENBLUM. Simply by the right to engage in business, as provided in paragraph (3) on page 4.

Mr. BARKLEY. But if you will observe paragraph (b), on page 3, you will see that such a corporation may engage in any business or enterprise conducted wholly within China and carried on with persons in China, except it may do these other things that are incidental and necessary to carry on that business wholly in China.

Mr. ROSENBLUM. This provision, as the law is presented, says, "may do in the United States and elsewhere." It says, on page 4:

May do in the United States and elsewhere any act which is approved by the Secretary of Commerce as necessary to the establishment and conduct of any business or enterprise in which it is authorized to engage.

Mr. BARKLEY. But that enterprise in which it is authorized to engage is limited by the subsection on the previous page.

Mr. ROSENBLUM. I can not agree with the gentleman. I think that section is so broad as to permit the Secretary of Commerce to interpret the privileges of the charter to permit them, if they wish to do so, to send this crude material to the United States.

Mr. BARKLEY. The Secretary of Commerce can only give his permission based on the act itself, and it confines that corporation to the transaction of business done wholly with the Chinese, subject to the limitation that it may do elsewhere anything necessary to enable them to carry on this business in China with persons in China.

Mr. ROSENBLUM. Section (b) says:

Such corporation may engage in any business or enterprise conducted wholly within China and carried on with persons in China, except that the corporation—

Except what?

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. ROSENBLUM. Mr. Chairman, I ask unanimous consent for an extension of three minutes, on account of the colloquy we have had here.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. ROSENBLUM. Now, then, "in China or with persons in China," except in section 3 of paragraph 3, which is one of the exceptions provided for to paragraph (b) of section 4, and one of these exceptions is 3. Then we go into section (c). "The corporation shall not engage in any business or enterprise other than that authorized by subdivision (b)." Now we go back to subdivision (b) and 3, coming under (c), which applies to the exception in (b) in section 4, which allows the Secretary of Commerce to permit anything that is necessary in his opinion for the establishment and conduct of any business or enterprise in which it is authorized to engage.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. ROSENBLUM. Yes; in just about two minutes I will yield.

I call attention to the provision on page 18, line 19, where we find that the primary objects of this bill, as it is contended by its supporters, are to provide for the exemption of the income from taxation where less than 5 per cent of the income is derived from sources within the United States. That provision, I say, provides that it derives less than 5 per cent of its income from sources within the United States. It is true that if they were mining oil or ore we, of course, could levy a tariff to collect income from that, but what will the courts hold to be meant by the use by Congress of the words "from sources"? Is that to be applied to the sources of the commodity from which the income is made, or from the source of the income itself? There is such ambiguous language there that I am of opinion that a court could just as clearly hold that the income of those holdings, say an oil company, the source of it, was their income in China and therefore their other earnings would not be subject to this income tax. I think it would be much clearer if we should strike out, in line 20, page 18, the words "from sources," out of section (c), and leave it read, "it derives less than 5 per cent of its gross income within the United States."

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. VOLSTEAD. Mr. Chairman, I think the gentleman misconceives this act.

Mr. ROSENBLUM. I hope so.

Mr. VOLSTEAD. It is sought by the provisions of this bill to prevent these corporations from doing an import and export business. It is limited in its exports to the needs of establishing its business. It is not intended to allow these corporations to engage in competition with American corporations generally. If it did, we should naturally have the strongest sort of opposition to it, and properly so, because we never ought to give them an exemption from taxation that we do not give to other corporations.

Mr. BARKLEY. In other words, the intent is that the activities carried on by these corporations shall be in one direction; that is, from the United States toward China and not from China back to the United States.

Mr. ROSENBLUM. Then my amendment would cover that.

Mr. VOLSTEAD. And the activity, so far as the United States is concerned, is not to act as a transportation agency in



China, but they are to create in China a market for goods that they would buy there and not act as a transportation agency company between the two countries at all.

Mr. ROSENBLOOM. I ask unanimous consent, Mr. Chairman, that the Clerk may report my amendment again.

The CHAIRMAN. The Clerk will again report the amendment.

The Clerk read as follows:

Page 4, line 5, after the word "necessary," strike out the words "to the establishment and conduct of any business or enterprise in which it is authorized to engage" and insert "for the sale and the transportation to China of goods, wares, merchandise, and commodities of all kinds."

Mr. WINGO. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Arkansas moves to strike out the last word.

Mr. WINGO. Mr. Chairman, I am somewhat confused by the last statement of the gentleman from Minnesota [Mr. VOLSTEAD]. He says it is not the object of the bill to permit them to engage in such business as any other person or corporation in the United States engages in. Suppose a corporation is organized in China to do a general merchandise business, both wholesale and jobbing. That is authorized, is it not? And they are authorized to become very large exporters, and they may monopolize the entire export trade of the United States to China except for such competition as may exist between the corporations themselves that are organized under this act. Is not that true? On page 3, lines 20 to 23, they may purchase in the United States, for transportation to China, goods, wares, merchandise necessary to the establishment and conduct of the business or enterprise in which they are authorized to engage.

Now, if it can handle farm implements, and cotton, and wool, and manufactured cotton goods, and manufactured and fabricated steel; in other words, if it can engage in a general importing business in China, then they may import from the United States, and they may establish an agent and a place of business in the United States for the purpose of purchasing in the United States for shipment to China any kind of goods, wares, or merchandise. Is not that true? If that is not the object of the bill, what is it?

I do not see any sense in passing the bill if it is not to give a Federal charter to gentlemen who are going to undertake to compete in the Chinese market with the Japanese and English. Is not that the object of the bill?

Mr. VOLSTEAD. The chief object aimed at is to build up institutions in China, such as building electric-light plants, and building railroads, for instance—developing that country by doing those things. A large amount of American goods will have to be purchased, and it is with a view to giving them the authority to secure those goods in the United States that this language is necessary.

Mr. WINGO. Now, in that way I get the answer that I otherwise could not get. You do not propose that they shall engage strictly in the merchandise business. Your purpose is to give a Federal charter to a group of men, to a corporation, to go and gobble up the public utilities of China, according to the general statement on page 6.

Mr. VOLSTEAD. It says "necessary to the establishment and conduct of the business or enterprise there," supplying the necessary needs of a wholesale house. If they want to import for that purpose, of course they can do that; but they are not to engage in the general business of transporting—

Mr. WINGO. By the language of the act itself they can do any kind of business under the sun in China.

Mr. VOLSTEAD. Yes; in China.

Mr. WINGO. Now, if they undertake to gobble up all the public utilities of China, that is where the billions are to be made in the next few years, in their water power, in their public utilities, in their public improvements, in their oil development—

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. ROSENBLOOM. Mr. Chairman, I ask unanimous consent that the gentleman may have three minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. WINGO. Oh, just getting down, in the elegant language of the eloquent gentleman from Ohio the other day, "to the guts of it," it is a fight for the oil, for the iron, for the resources, for the financial development of China. There are great fortunes to be made. Let us not engage in any subterfuge. The proposition is that the men who are going to put their financial resources into the East, by which billions are to be made, are to get a Federal charter and special privileges.

If you are going to do that, why not throw around it such restrictions as will prevent them from monopolizing the exportation of merchandise from the United States. It is bad enough to give them exemption from taxation, but do not give them everything else. They are specially protected. Let them get concessions in China, and with their hands upon the throat of the local government they can get the exclusive privilege of importing shoes, for instance, or merchandise of any kind. If you are going to do that, do it in the open. I decline to support this monstrosity even though put forward under the claim that it will promote our trade.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from West Virginia.

The question being taken, the amendment was rejected.

The Clerk read as follows:

SEC. 5. That the incorporators shall make application for a charter and file it with the Secretary of Commerce in such manner and in such form as shall be by regulation prescribed. The application shall state—

(a) The name of the proposed corporation, which shall end with the legend, "Federal Inc. U. S. A.";

(b) The location of its principal office, which shall be in China;

(c) The purpose for which it is formed and the character of the business in which it is to engage;

(d) The amount of capital stock, the designation of each class of stock and the terms upon which it is to be issued, and the number and par value of the shares of each class of stock;

(e) The duration of the corporation, which may be permanent or for a limited time;

(f) The names, addresses, and designations of the directors and of the president, treasurer, and secretary, or corresponding officers, who are hereby authorized to manage the affairs of the corporation until their successors are elected by the stockholders in accordance with the by-laws of the corporation. A majority of the directors and a majority of such officers shall be citizens of the United States;

(g) The fact that an amount equal to 25 per cent of the amount of capital stock has been in good faith subscribed and actually paid in cash, personal property, tangible or intangible, or real property, and is in the custody of the individuals specified in subdivision (f); and the name and address of each such subscriber. If any part of such payment is made in property other than cash, no charter shall be issued unless the Secretary of Commerce finds that the property is described and its value stated in the same manner as provided in section 9, and that such value is the fair market value, and is at least equal to the difference between 25 per cent of the capital stock and the amount of cash, if any, so paid in; and

(h) The time and place of the first stockholders' meeting, which shall be not later than one year after the issuance of this charter.

Mr. BOWLING. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BOWLING: Page 4, line 21, strike out the words "which may be permanent or for a limited time" and insert in lieu thereof the words "incorporated for a period of not more than 25 years."

Mr. BOWLING. Mr. Chairman, it seems to me that with the very broad and enormous powers that are given to these corporations to engage in all kinds of business, the bridle should not be taken off indefinitely, and it seems to me it would be a very vicious thing to establish a precedent here to-day to give an unlimited charter in perpetuity to any kind of an organization.

The CHAIRMAN. The question is on the amendment of the gentleman from Alabama.

The question being taken, on a division (demanded by Mr. BANKHEAD) there were—ayes 44, noes 48.

Accordingly the amendment was rejected.

Mr. SISSON. Mr. Chairman, I move to strike out the last word for the purpose of calling attention to one or two of the chief objections to this bill. The bill is one which can not be fully discussed and all its bad features discussed under the five-minute rule.

This is a very radical departure on the part of the Federal Government. This is the first attempt on the part of Congress to create a Federal charter for the transaction of business. That of itself is revolutionary.

Second, this bill, if the chairman of the committee [Mr. VOLSTEAD] has correctly stated its purposes and objects, is for the purpose of furnishing to a few individuals who may take advantage of it an opportunity to invest their money in a corporation organized under this law to do business in a foreign country, and there exploit that country for the benefit of the few individuals engaged in the business.

But that is not the chief evil in this bill. This is the first step taken on the part of the big business of this country to avoid State control and also to avoid State taxation. It is the beginning of a new era in this Republic, and if you shall pursue this policy far it will be only a few years until the States can be absolutely deprived of all control of any corporation doing business in a foreign country not only so far as the conduct of its business is concerned but so far as taxation of the money produced in this country and taken out of the country to develop the resources in the foreign country not for the benefit of

the people here but for the benefit of the few specially privileged rich gentlemen who may take stock in the corporations granted this Federal charter. In other words, it deprives the people of America of the rapid development of any undeveloped resources here in order that the energies of the American people or their money may be expended in developing, perhaps, more inviting or cheaper enterprises abroad.

In this instance China is selected, with the unlimited quantity of raw material which she has undeveloped. Why is that? Is it because in China you have the cheapest labor in the world? Is Congress engaged solely at this hour in endeavoring, by the consumption of this day and perhaps another Calendar Wednesday, to create a system of legislation whereby men of means, instead of using their money to develop the resources here, shall take that money to China, where they can employ pauper labor to develop the oil and the iron and all the resources of that country? What are you doing? Ah, you say to them, "You shall not sell any of that stuff back here." We shall get no benefit in the trade unless those poor, benighted people take our electrical machinery and what we offer to sell them. We say to them, "You miserable Chinese shall not sell any of that stuff back here," an admission on the part of the chairman—

Mr. DYER. Will the gentleman yield?

Mr. SISSON. I will if you will give me an extension of time.

Mr. DYER. In the interest of expediting the bill I can not do that.

Mr. SISSON. It is an admission on the part of the gentleman who has charge of this bill that the Chinese, through these corporations, shall sell nothing back to us. We can not buy a gallon of oil, we can not buy anything from them even though American capital develops it, without the payment of the tariff. So who then is to get the benefit of this expenditure? This is a radical departure in American history.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SISSON. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent that his time be extended five minutes. Is there objection?

Mr. DYER. I regret exceedingly to object, but I think we should proceed with the bill. The gentleman is not discussing the section.

Mr. SISSON. I am discussing the section.

Mr. DYER. The gentleman is not, and if he will wait and offer his amendment when we reach the part of the bill to which he refers, then he can discuss it some more.

Mr. SISSON. I want to call the attention of the committee to one or two sections in reference to this charter.

Mr. DYER. I hope the gentleman will wait till we reach those.

Mr. SISSON. We are considering that section now.

Mr. DYER. The gentleman is not speaking to the section under consideration.

The CHAIRMAN. Is there objection?

Mr. DYER. I shall have to object.

The CHAIRMAN. The gentleman from Missouri objects.

Mr. SISSON. The gentleman can object, but I can assure him that he is going to save no time by this sort of procedure.

Mr. WINGO. Mr. Chairman, I move to strike out the last word. I was very much interested in the suggestion that the gentleman is making, but I do not know that I exactly caught his contention. What is it about this proposed taxation?

Mr. SISSON. In answer to the gentleman, I want to say that I am making the contention that this is a most radical departure on the part of the Federal Government in creating for the first time in the history of the country a Federal charter for a few people who may take advantage of that Federal charter to develop resources in other countries. Now, I want to call attention to another thing, with the permission of the gentleman. A moment ago you Republicans voted down a provision to limit the life of these charters. Therefore, it is the implied intention, if they desire to do so, to grant to these people a perpetual charter to transact business. There is one saving clause, and that is the clause that gives to Congress the right to repeal the charter. But you know that will never be done.

Mr. HUSTED. Oh, there is another saving clause, the bill provides for a revocation.

Mr. SISSON. My dear friend, that is what I said; the gentleman did not hear it. It only provides in the last clause for a revocation.

Mr. WINGO. I hope the gentleman will confine himself to my query.

Mr. SISSON. My objections are to so many clauses in this section that I am sure—

Mr. WINGO. I want to call the gentleman's attention to what the purpose of the bill is in the light of the statement of the chairman of the committee a while ago, under this language in the report:

The great majority of these companies are small firms who represent manufacturers in the United States, and they are pushing the sale of American products, such as machinery, hardware, cotton and cotton manufactures, food products, motor cars, typewriters and office supplies, wearing apparel, such as shoes, underwear, hosiery, shirts and collars and clothing materials, paint and varnish, building equipment, such as lumber and nails, electrical equipment, locomotives and freight cars, general railroad equipment, such as rails, bridge materials, and timber, dyes, and chemicals, kerosene, tobacco products, and products of our mines, such as iron and steel which are used for construction purposes.

Does the gentleman understand that it is the intention to give these corporations a charter for the purpose of engaging in all this business?

Mr. SISSON. Unquestionably, if you get the approval of the two Secretaries, that can be done. I would call the gentleman's attention also to the fact that this report states specifically that the purpose, aim, and object of this is to avoid a tax which the present corporations as now constituted would have to pay in this country like other citizens to do business in China. It is in the report. They propose to avoid taxation here, not only giving them the special privilege of doing business but the special privilege of avoiding taxation. That is so stated in the report.

This bill is to enable the great corporations of the United States to get these Federal charters, thus avoiding State control and avoiding all State taxation. The great fortunes in America have been made by avoiding taxation. Now, taxes are so high in the States and in the Nation that big business is beginning to avoid this burden, and this Republican House and Republican administration are taking this, the first step, to bring about a system of law that will place the burden of our Federal and State taxes upon the backs of the masses of the people.

Mr. WINGO. Mr. Chairman, I yield back the balance of my time.

Mr. BARKLEY. Mr. Chairman, I offer the amendment which I send to the desk.

The Clerk read as follows:

Page 4, line 22, strike out all of line 22, page 4, and insert the words "for a period of not to exceed 50 years."

Mr. BARKLEY. Mr. Chairman, I voted against the amendment offered by the gentleman from Alabama [Mr. BOWLING] to fix a limitation at 25 years, because I felt that that was too short a period to limit the charter of these corporations. But I am unable to see any wisdom in Congress granting a perpetual charter to organizations of this sort. We do not do that in the United States, as a rule, in granting a charter to corporations.

Mr. DYER. Will the gentleman yield?

Mr. BARKLEY. Certainly.

Mr. DYER. Does the gentleman think his amendment is necessary in view of the fact that the Secretary of Commerce is given authority to cancel the charter under certain circumstances as well as Congress having the right of repeal?

Mr. BARKLEY. I think there ought to be a limitation of 50 years no matter who has the right to cancel in the meantime. I realize that the bill provides that Congress may at any time repeal the law and any charter granted under it. But let us assume that the corporation runs on for 50 or 75 years and that there is some reason why the charter should be repealed. Congress would have to inaugurate an investigation. It would have, perhaps, to send a committee to China to find out whether the corporation was conducting its business lawfully. When we passed the water power bill a few months ago providing for harnessing the great water power of the United States, we limited the life of the franchise to 50 years. Then at the end of 50 years the corporation may come back and ask Congress to renew the charter, and Congress would have the opportunity, and it would be its duty, to investigate whether the charter ought to be renewed. If a corporation has been doing business in China in such a way that it ought to have its charter renewed at the end of 50 years, of course the duty of Congress would be to renew it. On the contrary, it ought not to be necessary for Congress at some indefinite period in the future to inaugurate an investigation of its own in order to determine affirmatively whether the charter ought to be renewed.

Mr. HUSTED. Will the gentleman yield?

Mr. BARKLEY. Certainly.

Mr. HUSTED. I can see the propriety of limiting the charter in the case of corporations that exercise a public franchise. But these corporations do not exercise a public franchise; they are going into the manufacturing and merchandise business.



Mr. BARKLEY. They may exercise a public franchise, because they may own street car systems or electric light plants.

Mr. HUSTED. Oh, that is not the idea, the idea is that they may furnish material to install a plant; they are to help build up China.

Mr. GARNER. They can own such plants under the charter.

Mr. BARKLEY. There is nothing in this law that prevents them from holding those facilities after they are constructed.

Mr. HUSTED. The gentleman realizes that if this business is not properly conducted the Secretary of Commerce has power under the act to revoke the charter at any time. That is another test. Then Congress reserves the right to repeal the law.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. BARKLEY. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARKLEY. Admitting that the Secretary of Commerce may revoke the charter, that is quite a wide power to be placed in the hands of any one man, but I have no objection to its being placed there. The other restriction is that Congress may repeal the charter if it sees fit to do so. However, regardless of those safeguards, and I think they should be thrown around the charter even if the limit is placed at 50 years, I think that every 50 years these corporations ought to be compelled to come back to the Government and ask for a renewal of their charter, just as ordinary corporations are compelled to do.

Mr. HUSTED. Is there any good reason, in the gentleman's opinion, why the charter should be limited if the business is going to be carried on?

Mr. BARKLEY. Yes; I think as a matter of public policy it is not wise to grant perpetual charters to corporations of this kind.

Mr. DYER. Mr. Chairman, if the gentleman will yield, I want to state that, so far as I know, there is no objection on the part of the committee to agreeing to the amendment.

Mr. SUMNERS of Texas. I do not agree to it.

Mr. Sisson. Mr. Chairman, I rise to support the amendment.

Mr. DYER. I just stated that, as far as I am concerned, the committee will agree to it.

Mr. WINGO. Mr. Chairman, I offer to strike out the figures "50" and amend by inserting the figures "30" in the amendment offered by the gentleman from Kentucky.

The CHAIRMAN. The gentleman from Arkansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. Wingo to the amendment offered by Mr. BARKLEY: Strike out the figures "50," and insert in lieu thereof the figures "30."

Mr. WINGO. Mr. Chairman, unless I am very badly mistaken, and gentlemen can correct me if I am wrong, practically all of the States have undertaken to cut down the franchise term from what it has been heretofore. In the good old days of franchise grabbing the favorite term used to be 99 years. Lately it has been cut down to 50 years, and most of the States are limiting it now from 20 years to 30 years. The gentleman from Kentucky [Mr. BARKLEY] offers in support of a long term franchise the suggestion that the Secretary of Commerce may, if he sees fit, revoke the charter. Of course, he can not. He may bring suit. It is rather a tortuous process, and under the provisions of the bill I think the Secretary of Commerce will be able to have the charter revoked just about as easily as the Ladies' Aid Society at Podunk Center would be able to control the advice and recommendations of the League of Nations, because the Secretary of Commerce would have to go to China. He would have to bring suit in China. He might suspend the operation of the charter for 10 days, but then he would have to file suit in China to revoke the charter, and he would have to make his proof there. The Secretary of Commerce would have something else to do than to act as umpire in these franchise and oil grabbing games in China, and I suggest to the gentleman from Kentucky that the bone will be picked clean before 50 years have gone by, and why not limit it to 30 years? There is a provision in the bill to which I shall refer later on, whereby these corporations are practically beyond the jurisdiction and control of any court in the United States. Oh, I know that you provide in there that the district courts of the United States shall under certain conditions have jurisdiction, but that condition will never arise, because you provide for service by registered letter. Of course, a little more up-to-date way would be to provide for service by wireless, but you will not permit them to establish a branch office in the United States.

You say they shall not do that, so when it comes down to the Secretary of Commerce exercising this power of revocation, I am inclined to term that as merely a "French gesture." They will be running loose in China, and Herbert Hoover will be so busy here—

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. MADDEN. The gentleman suggests a limitation on the period of the life of a corporation, which I think proper, but with it there ought to be coupled the right of renewal.

Mr. WINGO. I think that goes with the other provision.

Mr. DYER. There is no provision for renewal.

Mr. BARKLEY. Of course, if this amendment be adopted, the committee can offer an amendment that can be in harmony with that.

Mr. WINGO. I would not object to that. The object would be to hold them down to a reasonable franchise period, with the right of renewal if the granting power saw fit to do it. I would not object to that.

Mr. SUMNERS of Texas. Mr. Chairman, I am not very much concerned about this amendment; but it seems to me, looking at this proposition from a practical standpoint, that there is no magic in the year 1971, if that be the 50-year period determined upon when these corporations ought to quit business or get a new lease on life. They ought to be compelled to quit business at the time when they begin to abuse the powers conferred upon them, whether that be to-morrow, the next day, or 50 years from now. Under the provisions of this bill these corporations exist by sufferance, by the will of Congress, and by the will of the department of this Government mentioned in the bill. If this amendment be adopted, and nothing else is done, at the expiration of the period mentioned we will have to go over the whole show again and reenact this bill. I can not see why Members of Congress, sitting in their places to-day, should conclude that 50 years from now the chances are that these corporations ought to quit business, or that 50 years from now they ought to come in and make a showing as to why they ought not to quit business, and thus take up the legislative time reenacting a bill giving them the right to continue in business, with the uncertainty always in the transaction of their business, whether or not Congress when the time comes for it to act will take the time to give to them the privilege to live long enough to execute contracts into which they may have entered in good faith. It seems to me that the corporation ought to understand that its tenure of existence depends upon its good behavior and upon the will of Congress, which at any time may be exercised for their dissolution in the event of any act which to Congress may seem contrary to the public interest.

Mr. MONTAGUE. Will the gentleman from Texas yield?

Mr. SUMNERS of Texas. I will.

Mr. MONTAGUE. Does the gentleman from Texas think it would be advisable for America to restrict the duration of its corporations while the other nations do not impose a similar restriction upon their corporations?

Mr. SUMNERS of Texas. I would suggest to the gentleman from Virginia that, just looking at the matter from a practical standpoint, I can not see any reason on earth why we should put ourselves in the situation where the Congress of the United States must thrash this whole thing out again at the expiration of a certain period of time, whether there be any public reason or not. No gentleman can, it seems to me, present any argument to show that we should not pass on this in 10 years if Congress ought to pass on it within 30 years. What magic is there in the 30 or the 50 year period?

Mr. BOWLING. Will the gentleman yield?

Mr. SUMNERS of Texas. I do.

Mr. BOWLING. I think an answer to a part of the gentleman's argument is found in the experience of Congress and the President of the United States back in Andrew Jackson's time with the United States bank.

Mr. SUMNERS of Texas. As stated, I do not regard this as highly important; but the amendment seems to me unnecessary and to rest on no basis of probable future utility.

Mr. GARRETT of Tennessee. Mr. Chairman, I am somewhat inclined to prefer the amendment of the gentleman from Arkansas to that of the gentleman from Kentucky, but certainly I regard it as important that there should be some limitation placed. This is an entirely new venture which this Government is about to enter upon. There are objectionable features to it; there are also very strong arguments in its favor, but let me remind gentlemen of the fact that here in this country where the Federal Government has granted charters to institutions which were to engage in governmental business—and that is all

the kind I favor granting charters to that are to operate in this country—limitations of time have always been placed. The gentleman from Alabama very aptly calls attention to the fact that in the case of the national bank a limitation was placed upon the time which its charter should run, and it was necessary that there be a renewal of the charter, and one of the great political contests of this country was fought over that question, and that was a case in which the institution was to perform governmental service. That was a case in which it was to perform it under the very eyes of the Government. Here we have a new departure. We are to provide for the creation of corporations that are to operate 10,000 miles away, not under the immediate eyes of Government officials. True, it is not to perform governmental service. True, it is to engage in private business, but the very fact that provision is made in another part of the bill for the revocation of the charter, the very fact that the right to repeal or amend is reserved to the Government, indicates that all understand that there is a strong possibility, at least a possibility, of abuses arising which will render it necessary to have a cessation of the operations of this institution in this foreign country, and I respectfully submit that sound policy dictates that in making this new departure we ought at least to have a limitation.

Mr. HUSTED. Will the gentleman yield?

Mr. GARRETT of Tennessee. I do.

Mr. HUSTED. I have very great respect for the opinion of the gentleman, but I respectfully submit that if one of these corporations were guilty of iniquitous practices the effect of limiting the charter to 30 years would not be very efficacious. It would be necessary in all probability to have action within that time, and the possibility that it might be necessary to do so is the very reason why we placed in the bill the provision in section 16, which is very broad. If the gentleman will address his attention to it, the gentleman will see that it is very broad. It places in the Secretary of Commerce very broad powers, and if these corporations which are doing business at long range were doing business in such a way as to bring upon them the just censure of the people of the country, or in such a way as unfairly to take advantage of the Chinese people, then I submit that the fact that the charter is limited to 30 or 50 years confers no adequate remedy. We would have to take action within that time in all probability.

Mr. GARRETT of Tennessee. Mr. Chairman, in reference to my friend's suggestion, I wish to say I do not think the inertia should be with the corporation and the initiative here. I think that the inertia should be here and the initiative there. In other words, I think that the Congress should provide a limitation and that the corporations should be required to take the initiative to secure a renewal of their lives.

Mr. BLANTON. Mr. Chairman, I desire to offer an amendment to the Barkley amendment.

Mr. BARKLEY. Mr. Chairman, I desire to oppose the amendment of the gentleman from Arkansas to my amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky to oppose the amendment of the gentleman from Arkansas.

Mr. BARKLEY. Mr. Chairman, any limitation which we fix is, of course, an arbitrary limitation. There may be good reasons why it ought to be 30 years instead of 50 years. I have no doubt that gentlemen could offer good reasons why it ought to be 75 years instead of 50, but any limitation we fix must be more or less arbitrary. Now, I anticipate that these enterprises which will spring up under this law will be of considerable size. They will involve many millions of dollars perhaps. I can foresee in China there will grow up great American commercial enterprises, great mercantile enterprises of various kinds such as England has scattered all over the world. Now, if we limit the charter to 30 years it might operate to deter some men who would otherwise go into these enterprises and create these corporations from doing so. I have no desire to place a limitation upon the organization of these corporations that will prevent American business capital going into it.

Mr. STEVENSON. Will the gentleman yield?

Mr. BARKLEY. In just a moment—and at the same time I feel that we ought to restrict them so that they will always have in view the fact that they must some day come back to the American Congress for permission to continue their business.

Mr. STEVENSON. I wanted to ask if the same reasons did not apply to the national bank act? We limit them to 20 years, I believe.

Mr. BARKLEY. Yes; that is true.

Mr. STEVENSON. And we have added great lengths to their ramifications all over the country now?

Mr. BARKLEY. That is true, but the national bank is an essential governmental function, and deals directly with the finances of the people, and I think we have more justification for fixing a charter limit of 20 years on them than on an organization of this kind.

Mr. WOODS of Virginia. If the gentleman will permit, is it not contemplated that this corporation will engage in business and enter into contracts the life of which may extend beyond the period of 30 years?

Mr. BARKLEY. That is likely to happen, and they ought to have 50 years in which to get a vision of the future, so that they may develop their enterprises, whatever they may be. Therefore I am compelled to oppose the 30-year limit.

Mr. WOODS of Virginia. If the gentleman will permit further, would it not handicap these corporations in the sale of their stock in China if they had only a short limitation?

Mr. BARKLEY. They would have to regulate their securities by the life of the corporation.

Mr. CHAIRMAN. Mr. Chairman, I offer a substitute.

The CHAIRMAN. The gentleman from Texas offers a substitute, which the Clerk will report.

The Clerk read as follows:

Substitute offered by Mr. BLANTON: Page 4, strike out line 22 and insert in lieu thereof the words "for one month."

Mr. VOLSTEAD. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Minnesota moves that all debate on this paragraph and all amendments thereto close in five minutes. Is there objection?

Mr. Sisson. I hope the gentleman will make it 10 minutes.

Mr. VOLSTEAD. I will make it 10 minutes.

The CHAIRMAN. The gentleman moves to make it 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. BLANTON. Mr. Chairman, the success of the enterprises involved in this bill depends absolutely upon shipping facilities. Without adequate shipping facilities the success of any corporation to which a charter under this bill may be granted or to any other corporation in the United States is absolutely doomed without any chance of making a profit. Therefore, since shipping facilities apparently may be counted upon for a period of not longer than one month just now, either in Great Britain, France, or the United States, it would be futile and idle to make the life of the charter longer than the possible life of actual shipping facilities. While we are here now trying to create successful corporations to do business in China, the afternoon paper tells us that the shipping facilities of the United States Government are about to be tied up by 110,000 seamen, forced by the voice and mandate of some walking delegate to strike and go out of their jobs, to stop the commerce of the sea, to let this Nation be absolutely without the benefit of its great American marine, because, forsooth, this representative of these men says, "You shall not reduce the amount that we work for one single penny." Admiral Benson says it is absolutely necessary to reduce those war wages at least 15 per cent, and that they should be reduced 25 per cent. With a reduction of 25 per cent those men would still get higher wages than the seamen in any other nation of the world, and yet they stand out and say, "We will tie up the shipping of this country unless we continue to get the war-time prices."

The time has come when everyone in this Nation must adjust himself to the present conditions, to the reconstruction period, and if the war-time wage can not be paid they must accept what can be paid and go to work. There is a distinguished employee of this House who received all during the war \$5,000 a year, yet because conditions changed he is now forced to work for this House of Representatives, and is working for it, at \$1,800 a year, and he is performing just as faithful and just as loyal services to the House of Representatives at \$1,800 a year as he performed all during the war for \$5,000.

Mr. ROSENBLUM. They have changed the majority, have they not?

Mr. BLANTON. That was a little circumstance that was incidental to the matter.

Mr. Chairman, I offered the substitute as a pro forma amendment in order to get the floor, and I ask unanimous consent to withdraw it.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to withdraw his substitute. Is there objection?

Mr. WALSH. I object.

Mr. Sisson. Mr. Chairman, in reference to the limitation placed upon this bill, I want to say to the gentlemen of the committee that I do believe that all the States in the Union, nearly, have seen fit and proper to place limitations upon the



life of the charters, but as argued by my friend from Texas [Mr. SUMNERS], a 30-year limitation or a 50-year limitation would not need any act of Congress. What I want to call especial attention to under section 5 is this, that in all the States that have passed a general law in reference to the creation of corporations the governor and the attorney general must approve, as a rule, the corporation. There may be some States that do not, such as New Jersey, for instance, a State that grants the most unconscionable charters that are granted by any State in the Union, because that is where the Standard Oil Co. and all the wicked businesses go, and because they have granted so many charters the whole State is enabled to pay almost its entire expense out of the charter fees for New Jersey charters, but I want to call attention to the ease with which charters are granted by this bill. By application to the Secretary of Commerce a charter may be granted, and unless he sees fit and proper to consult with the legal department of the Government it requires no sanction but his.

Mr. WYANT. Will the gentleman yield?

Mr. SISSON. I will.

Mr. WYANT. In the event a limitation should be placed upon these charters would you favor a provision that provides for the renewal of a charter upon the same terms?

Mr. SISSON. I think that goes without saying. I think the only thing necessary when you give the life of the charter, and this law remains unamended, is to make application for renewal for a charter. And I think, in view of the ease with which they get it—

Mr. VOLSTEAD. If you had to reincorporate entirely without any provision for a new one, there would be absolutely a new corporation, of course, which could break contracts.

Mr. SISSON. It does not have that effect; it does not affect the continuity of the business, because prior to the expiration of the charter the charter is renewed by the same authority that gave it life. It is true that if you permitted a hiatus to come between the renewal of the charter and the death of the charter you might have an awkward situation; but no corporations ever do that. In my own State, for example, they have charters limited under the constitution, but there is no trouble, because the renewal is asked for before the expiration of the term.

Mr. WYANT. Mr. Chairman, will the gentleman yield?

Mr. SISSON. Yes.

Mr. WYANT. Certain provisions of this act provide that these corporations as such are exempt from taxation. Now, unless a corporation has some assurance that the same exemption would apply to the renewal, might it not deter capital from seeking an outlet there?

Mr. SISSON. I think not. If in the event that we should seek to amend this law I do not think the corporation should be permitted to escape if we saw fit and proper to change the taxation features of the law. But if this law remained the same you would not add to the burdens at all. I am not so much concerned about these gentlemen being able to take care of themselves and about the deterring of capital as I am about putting bad legislation on the statute books of the Nation.

Mr. BARKLEY. I am inclined to agree with the gentleman as to the construction of the law, but I think there should be a limitation on the fixing of the renewal.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] asks unanimous consent to withdraw his amendment. Is there objection?

Mr. WALSH. I object.

The CHAIRMAN. Objection is made. The question is on agreeing to the amendment offered by the gentleman from Texas. The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question now is on agreeing to the amendment offered by the gentleman from Arkansas [Mr. WINGO] to the amendment offered by the gentleman from Kentucky [Mr. BARKLEY].

The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on agreeing to the Barkley amendment.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. VOLSTEAD. Mr. Chairman, I move to amend by adding at the end of the amendment just adopted the following words:

But the charter thereof may be renewed on the same conditions as a charter may be originally granted.

The CHAIRMAN. The gentleman from Minnesota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VOLSTEAD: At the end of the Barkley amendment insert "but the charter thereof may be renewed upon the same conditions as a charter may be originally granted."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Minnesota.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 6. That no corporation shall have or use a corporate name which, in the opinion of the Secretary of Commerce, is likely to mislead the public. No corporation shall maintain any office, including its principal, and home and branch offices, if any, at any place other than in China.

Mr. WINGO. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Arkansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WINGO: Page 5, line 23, after the word "public," strike out "No corporation shall maintain any office, including its principal, and home and branch offices, if any, at any place other than in China" and insert in lieu thereof the following: "Each corporation shall maintain a designated agent in the District of Columbia, upon whom service of all processes may be had."

Mr. WINGO. Mr. Chairman, the proposition that I move to strike out is the proposition at the bottom of page 5, which absolutely precludes them from having any office at any place in the United States.

I would like to ask some member of the committee to tell me what public good can be served by prohibiting these corporations from having any domicile, either branch or main, in the United States?

Mr. VOLSTEAD. Well, it was thought that there was no necessity for it. As we explained, these corporations are not expected to do any business here.

Mr. WINGO. Is there any public injury that can follow from their having an agent in the United States?

Mr. VOLSTEAD. I do not think they ought to be subject to suits by anyone or anybody in the United States.

Mr. WINGO. I beg the gentleman's pardon. While that is a remarkable statement, it does not answer my question. Is there any public interest that would be injured by having a branch office in the United States and an agent upon whom service of legal process may be had?

Mr. VOLSTEAD. I do not know what the gentleman means by a "public interest." I think these corporations should be protected from being sued outside of China. If they carry on business here they could be sued here. I do not think a man simply by going over to China and engaging in some business there should be subjected to having suits brought against him in the United States.

Mr. WINGO. What is the gentleman's answer? He can not say that any public interest would be hurt, but he says the corporation might be hurt. If you do not require them to have a home office or a branch office or an agent here you could not get service on them and sue them. Does the gentleman mean that he does not want them to be sued in the courts of the United States?

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. WINGO. If the gentleman does not object to my getting an extension of time, I will.

Mr. DYER. I will ask the gentleman what public good can be done by having a branch office here?

Mr. WINGO. I will get to that; that is a very pertinent inquiry.

Here you are giving a franchise to a great corporation. You provide that it shall have a life of 50 years. You say that the charter may be revoked by the Secretary of Commerce. That is an erroneous idea. He can not do it. He has no authority. Nothing but a court could grant it, and if you gave the Secretary of Commerce the right arbitrarily to revoke a charter it would not be worth the paper it was written on. The courts alone can revoke the charter, and that only for cause, and the cause must be, of course, a violation of the act, or an act inhibited by the laws of the United States.

Mr. VOLSTEAD. Is it not true that we have a court in China? The idea is to administer this thing, not in the United States, but in China.

Mr. WINGO. That is true. It is true that they have a court in China. It is true that this bill undertakes to exclude everything here, even the right to sue them in this country, and requiring you to go to China.

That is the object of it; and notwithstanding the provision on page 15, if you will take the language which I move to strike out, if you keep it in the bill and keep in the other language of the bill, I challenge any lawyer in this House, if he

has a client who desires to sue this corporation, to figure out in what district court of the United States he will bring his suit. They must go to China, and the gentleman from Minnesota [Mr. VOLSTEAD] says he thinks they ought to go to China. He says these corporations should not be "pestered" by law suits. You give them a Federal charter; you exempt them from taxation, and finally you seek to exempt them from legal process in this country, and frankly admit your intentions to shield them from being compelled to come into an American court to answer a just claim of an American citizen. Such special privilege was never before granted a corporation.

Mr. CLOUSE. Calling the gentleman's attention to section 19, it expressly provides that the district court of the United States, in which the cause of action arose, may take jurisdiction of the case.

Mr. WINGO. All right. I am glad the gentleman called my attention to that. I will read the language of the bill. I am not captious about this. I want to provide that if anyone in the United States has a legitimate cause of action against these people growing out of a transaction in the United States, he shall not be compelled to go to the courts of China to sue.

Mr. LAYTON. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Delaware.

Mr. LAYTON. I merely want to call the gentleman's attention to the language—

Mr. WINGO. I will read the language the gentleman refers to, and if he has any ground at all it is under that:

Suit against the corporation may be brought in the United States Court for China, or in the district in which the cause of action arose or in which the corporation has an agent and is engaged in doing business.

Has an agent and is engaged in doing business. The object of my amendment is to compel them to have at least one designated agent in the United States, for without it the provision I read is worthless. Why, there is not a single State in the United States that does not require a foreign corporation doing business in the State to have an office in the State or else a designated agent upon whom legal process may be served.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I ask unanimous consent that I may have five minutes more.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent that his time be extended five minutes. Is there objection?

There was no objection.

Mr. BANKHEAD. Will the gentleman allow me?

Mr. WINGO. I will ask my friend to let me finish this statement. The provision I offer is that they be required to have a designated agent upon whom process may be served. In some States it is provided that the Secretary of State shall be the designated agent upon whom process may be served. What do you do here? You lawyers examine it. Suppose they are doing business and you keep this provision in here that they shall not have any place of business in the United States; that they shall not have a domicile or a branch here. Why, they will order their stuff by mail. That is all right so far as the legal status is concerned.

But suppose you undertake to bring suit in Pittsburgh on a shipment of fabricated steel that goes out to China. They refuse to pay or a dispute arises. How are you going to get service? The district court may have service by registered mail. Why, Congress has absolutely provided that in the future you shall not require a receipt for special-delivery mail, and now it is being advocated that you shall not require a receipt for registered mail. But it is a long distance to China. The registered mail may fail. Why are they so afraid that jurisdiction may be had by the court? Can they not trust the courts of the District of Columbia or the courts of the district in which they do business, and are they not willing to designate a man in the city of Washington, known of all men, upon whom you can get service if you want to sue them? What is wrong with it? If the gentleman is right, that you can bring suit in the district court, then he should not object to a provision which will make certain that they will have an agent upon whom you can have service of process. Think of the proposition to found a serious action in a court of law upon service by registered mail sent to China. But the truth of the matter is, service by mail is the rule in China and that is the only place the proponents of this bill intend a suit shall be brought, and the provision that suits may be brought in the district in which the cause of action arose or in which the corporation has an agent and is doing business is worthless, because under the other provisions of the bill you legally fix all causes of action as arising in China, and you do not require an agent here, and prohibit them from having an office in this country.

Mr. STEVENSON. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from South Carolina.

Mr. STEVENSON. Has it not been decided time after time by the United States Supreme Court that mere service by mail, not bringing the party within the jurisdiction, can not effect anything except the res which the court has attached, and that a judgment based upon such service by mail is absolutely null and void except on such res as the court had taken possession of?

Mr. WINGO. Certainly. In other words, you have given them a Federal charter, but you say to them "Not only will we deprive the public of the right to have a man upon whom they can get service of process but you shall not be permitted to have a branch office in the United States." Did you ever hear of such a proposition? Do you mean to say that they can not protect themselves in the courts of the United States? Do you mean to say it is unfair to have them designate a man of their own choice at the seat of government upon whom service of process will be binding, service upon whom will be binding upon them? Can they not be trusted to name their own agents? Is it not customary for a foreign corporation coming into a State to do business to have an agent upon whom process may be served?

Mr. BARKLEY. Will the gentleman yield?

Mr. WINGO. I will.

Mr. BARKLEY. The gentleman's amendment strikes out the last three lines on page 5 and offers a substitute. Would it not be better to leave those lines in, so that they would not have an office in the United States, and then say that they shall have an agent in the District of Columbia?

Mr. WINGO. You permit them to do business in the United States, and by this language here you say that that shall not be a legal domicile in the United States. It destroys the legal effect of the service that is provided for over there, and you specifically provide that service by mail is the only way. The language that I move to strike out and the language that I want to put in provides the legal status of the person upon whom service can be had. It can not hurt them. If they want an office in the United States why say that they shall not have it? Why not say have all the offices you want? But in the District of Columbia, where is the Secretary of Commerce, they shall have an agent upon whom you can serve process. It can not hurt them and it will give citizens of this country dealing with these corporations in this country a right to go into the courts of this country, which right the chairman of the committee frankly admits he would deny them, and which is denied them by the bill as reported, instead of being compelled to go to China.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

Mr. VOLSTEAD. Mr. Chairman, I think there is a reason why there ought not to be service of this kind. These corporations will act as foreign corporations. Just stop and think for a moment. Do you suppose any corporation in England would want to create an office in this country or an agent upon whom service could be made here? Do you think a German corporation would want an office here or an agent upon whom service could be made? If somebody wants to trump up a claim against one of these corporations, it could be dragged clear over here from China to defend it. We are trying to confine these corporations to operations in China. We say, however, that if they do business here and a cause of action originates here, suit may be brought against them and service made upon them. But it seems to me that as long as these corporations are to do business there and practically function there as foreign corporations we ought not to subject them to the necessity of coming here to defend themselves against claims arising out of business originating in China.

Mr. BANKHEAD. Will the gentleman yield?

Mr. VOLSTEAD. Yes.

Mr. BANKHEAD. Let me put a concrete hypothetical question. Suppose a cotton dealer sells 1,000 bales to one of these corporations.

Mr. VOLSTEAD. Yes; suppose it was to a foreign corporation in any other country. What difference would it make; why should you compel these corporations to have an agent in this country when you do not compel other foreign corporations to have an agent here? You would be in no different position.

Mr. BANKHEAD. If they had an agent in this country upon whom legal process could be served—

Mr. VOLSTEAD. You have no such provision in regard to foreign corporations of any other country, and if you compel these corporations to have agents here it would endanger them and make it possible for anybody to frame up a claim and bring them across the seas 6,000 to 10,000 miles to defend it.



It would be impossible for them to defend against many of these claims.

Mr. BANKHEAD. I did not finish my question. Suppose this cotton broker sells this cotton to one of these corporations and the account becomes due and the creditor is ready to sue—you confer jurisdiction here and say that he may bring suit in the district court of the United States, but under the process provided here you have to write a letter and send it by registered mail to China before the Alabama creditor can have his day in court.

Mr. VOLSTEAD. Suppose it was a German corporation operating over there, you would be in the same position.

Mr. WYANT. Mr. Chairman, will the gentleman yield?

Mr. VOLSTEAD. Yes.

Mr. WYANT. In the event that it should be necessary for an individual to bring a suit against a corporation having its assets in China, what advantage would it be to secure a judgment in this country? How could it be enforced? Therefore what would be the use of adopting such a provision?

Mr. BARKLEY. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Arkansas.

The Clerk read as follows:

Page 5, line 25, after the word "China," insert: "Provided, however, That every such corporation shall designate an agent in the District of Columbia upon whom service of legal process may be had."

Mr. BARKLEY. Mr. Chairman, that leaves the language in the bill as reported by the committee. Then you have a provision that they shall maintain in the District of Columbia an agent upon whom legal process can be had. I think the law ought not to compel a corporation to have offices scattered over the United States—they ought to be limited to China—but it does seem that there ought to be some provision by which a creditor in the United States can obtain legal service on a corporation if the corporation is transacting business with it, if it has purchased supplies which have been shipped to China. In case there is any dispute and they are compelled to bring suit to recover the price they certainly ought not to be compelled to go to China. They ought to be able to bring suit in the United States and get service.

Mr. VOLSTEAD. In that case do you not think the cause of action ought to originate in the United States and not in China?

Mr. BARKLEY. It would have to originate in the United States, because if the transaction occurred in China the jurisdiction of the district court which is maintained in China would apply to it.

Mr. VOLSTEAD. That would be general.

Mr. BARKLEY. It would be limited to the transaction of that district.

Mr. WINGO. My amendment designates the agent upon whom the process can be had. It does not affect the jurisdiction; that court would still have jurisdiction, but my amendment would bring the corporation into court.

Mr. BARKLEY. Mr. Chairman, I ask unanimous consent to modify my amendment by adding at the end of it the words:

In suit on causes of action arising in the United States.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent to add to his amendment the language referred to. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the substitute amendment as modified.

The Clerk read as follows:

Substitute offered by Mr. BARKLEY to the amendment offered by Mr. WINGO: Page 5, line 25, after the word "China," insert: "Provided, however, That every such corporation shall designate an agent in the District of Columbia upon whom service of legal process may be had in suits on causes of action arising in the United States."

The CHAIRMAN. The question is on the adoption of substitute for the amendment offered by the gentleman from Arkansas. The substitute was agreed to.

The CHAIRMAN. The question now is on the amendment as amended by the substitute.

The amendment was agreed to.

The Clerk read as follows:

Sec. 10. (a) The by-laws may provide—

(1) The time, place, manner of calling, giving notice, and conduct of, and determination of a quorum for, the meetings, annual or special, of the stockholders or directors.

(2) The number, qualifications, designations, and manner of choosing and fixing the tenure of office and compensation, of all directors, officers, and employees: *Provided*, That the number of directors shall be not less than five, and a majority of the directors and a majority of the officers holding the office of president, treasurer, or secretary, or a corresponding office, shall be citizens of the United States resident in China.

(3) The designation of each class of stock and the terms upon which it is issued, the number and par value of the shares of each class of stock, the manner of calling for and collecting payments upon stock subscribed for, the penalties and forfeitures for nonpayment, the prepa-

ration of certificates of stock, and the manner of recording the sale or transfer of stock and its representation at stockholders' meeting.

(b) The by-laws of the corporation may be amended by the stockholders at a stockholders' meeting. No by-law or amendment thereto shall be in effect until (1) the corporation files a copy thereof in such manner and form and pays such fees in respect thereto as shall be by regulation prescribed, and (2) such by-law or amendment is found and certified by the Secretary of Commerce to conform to the requirements of this act.

Mr. STAFFORD. Mr. Chairman, I move to amend by striking out, in line 12, page 8, the word "five" and inserting in lieu thereof the word "three."

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 8, line 12, strike out the word "five" and insert in lieu thereof the word "three."

Mr. STAFFORD. Mr. Chairman, the bill as drawn makes it mandatory in all of these corporations formed, as it is supposed, with the aid of American capital to have a board of directors composed of not less than five members. In the very paragraph containing this provision there is included a provision that there shall be at least two officers who shall be American citizens, holding the offices of "president, secretary, or treasurer." I can conceive where it will be a hardship to require a board to be composed of five members. Many of the companies that will organize under the provisions of this act with the aid of American capital will be close corporations, the Americans furnishing the majority of the capital, having perhaps only two resident officers, who under the terms of this bill as now drawn would be members of the board of directors. The men who furnish the majority of the capital will not wish to put out of their control the management of the corporation. They will still want to have control. Yet in such case they might be compelled to have on the board of directors a third person, whereby they might lose control of the corporation. I wish to inquire of the gentleman from Minnesota whether it is not better, considering the run of corporations and of boards of directors, to have the minimum requirement three rather than five?

Mr. VOLSTEAD. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was agreed to.

The Clerk read as follows:

Sec. 11. That the following questions shall be determined only by the stockholders at a stockholders' meeting: (a) Amendments to the articles of incorporation or by-laws; (b) authorization of the sale of the entire business of the corporation or of an independent branch of such business; (c) authorization of the voluntary dissolution of the corporation. The adoption of any such amendment or authorization shall require a vote cast by at least a majority of the voting shares and the approval of at least three-fourths of such votes cast. No such amendment or authorization shall take effect until (1) the corporation files a statement of the action in such manner and form and pays such fees in respect thereto as shall be by regulation prescribed, and (2) such amendment or authorization is found and certified by the Secretary of Commerce to conform to the requirements of this act.

Mr. WOOD of Indiana. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman in charge of the bill what is meant by the language:

The adoption of any such amendment or authorization shall require a vote cast by at least a majority of the voting shares and the approval of at least three-fourths of such votes cast.

Mr. VOLSTEAD. It means that there must be at least more than one-half of the shares voting, and that it shall take three-fourths of a majority to carry.

Mr. WOOD of Indiana. It provides that the adoption of any such amendment or authorization shall require a vote cast by at least a majority of the voting shares. That would adopt it if that were so.

Mr. VOLSTEAD. No; that is merely the vote. The vote must be cast by at least a majority of the shares voting; but some may vote for and some against, and approval must be had by at least three-fourths—that is, three-fourths of a quorum.

Mr. WOOD of Indiana. Then it would be three-fourths of a majority?

Mr. VOLSTEAD. Yes.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

Sec. 13. That every dividend declared by the corporation shall be derived wholly from the surplus profits of its business, to be determined in such manner as shall be by regulation prescribed.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last word. What is the purpose of this section, what is the meaning of it, and what actuated its incorporation in the bill?

Mr. VOLSTEAD. This is a provision that is contained in a great many corporation laws. Its object is to prevent the

capital of these corporations from being impaired by paying it out to the stockholders as profits. The payment of such capital as profits is one of the means by which fraud is constantly practiced. It gives the appearance of a prosperous business, when, in fact, it may not be prosperous at all, and to prevent that sort of fraud we insist that dividends shall be paid out of actual profits instead of out of the capital of the corporation.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

SEC. 14. That the Secretary of Commerce and the Secretary of State are authorized jointly to prescribe and promulgate such regulations, not in conflict with the provisions of the act, as they deem necessary to carry into effect the provisions and purposes of this act, including the manner and form in which the corporation shall keep its records and accounts and the amounts of any fees authorized to be prescribed by regulation. The Secretary of Commerce is authorized to issue such orders, not in conflict with the provisions of this act, as he deems necessary to carry into effect the provisions and purposes of the act. All fees paid under this act shall be covered into the Treasury of the United States as miscellaneous receipts.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I wish to inquire of the chairman of the committee what was the idea of the committee in joining the Secretary of State with the Secretary of Commerce in giving authority to prescribe and promulgate regulations? The latter part of the section provides that the Secretary of Commerce alone shall issue such orders.

Mr. VOLSTEAD. The Secretary of Commerce issues the orders, but the Secretary of State and the Secretary of Commerce make the regulations. The object of that is to give the Secretary of State an opportunity to give consent in the management of his own force, because his own appointees may largely have management and control of this matter, and in determining the general regulations it was thought that these men appointed ought to have something to say about what the regulations might be.

Mr. STAFFORD. The gentleman will recognize that the Secretary of State is a very busy person, whereas the work that will naturally develop under this law will be pertinent to the Department of Commerce.

Mr. VOLSTEAD. I presume these regulations will be prescribed as they usually are; that somebody prepares them in the Department of Commerce and they will then be submitted to the Department of State and that that department will investigate and determine whether it will interfere with the general management of State functions, and if they find it is all right the Secretary of State will approve it.

Mr. DYER. If the gentleman will permit, I will say to the gentleman this was put in at the request of the Secretary of State.

Mr. STAFFORD. Of course, if it has the approval of the Secretary of State I shall interpose no objection. I withdraw the pro forma amendment.

Mr. SANDERS of Indiana. Mr. Chairman, I object to the withdrawal of the pro forma amendment because I would like to make a speech on the other side. I want to inquire of the chairman or the author of the bill [Mr. DYER] whether he has investigated the constitutional right on the part of the Congress to delegate the power to the Secretary of Commerce to fix all these fees without giving any basis whatever for his determination?

Mr. VOLSTEAD. I do not think there is much doubt about that; he will prescribe what, in his judgment, will be reasonable fees for the service rendered.

Mr. SANDERS of Indiana. But it does not say that.

Mr. VOLSTEAD. I think that will be implied.

Mr. SANDERS of Indiana. Now, in three or four places in this bill, for instance, on page 6, it says "upon the payment of such fee as shall be by regulation prescribed, issue a charter," and so forth. The Secretary of Commerce has absolute authority without any basis or any restriction to fix the fee.

Mr. DYER. The Secretary of State.

Mr. SANDERS of Indiana. This says Secretary of Commerce.

Mr. DYER. They shall fix the regulations.

Mr. SANDERS of Indiana. If they are fixed by both, that makes it that much worse; but this basis for fixing the fee—

Mr. VOLSTEAD. Fixing reasonable compensation.

Mr. SANDERS of Indiana. It does not say that. It does not give any basis whatever upon which these executive officers determine the amount. I do not believe we have the power to delegate that legislative function. We would have the power to fix a general basis upon which it should be determined and delegate to an executive officer the function of determining what that amount should be, but to give to an executive officer

the arbitrary power to fix the amount of the fee that a corporation shall pay I believe is beyond our constitutional power. You say that on page 6.

You also say, on page 9, that the corporation in submitting the action in such manner and form shall pay such fees "in respect thereto as shall be by regulation prescribed." Then, on page 10, you say, "All fees paid under this act shall be covered into the Treasury of the United States as miscellaneous receipts." On page 11 you say, "The cost of the examination shall be paid by the corporation upon the demand of the Secretary of Commerce" without fixing the amount of it. The point I am making, if the Chairman pleases, is that you are delegating legislative power.

Mr. VOLSTEAD. I am fully aware of that rule. I do not believe it will ever disturb anybody. They will make the fees reasonable, and that will be the end of it. It will not interfere with the operation of the bill in any way. The fees will be small.

Mr. DYER. There is no necessity for large fees.

Mr. VOLSTEAD. I think they ought to pay something so as to pay some of the expenses.

Mr. SANDERS of Indiana. I have no objection to fixing the fees, but what I am objecting to is the Congress of the United States delegating to an executive branch of the Government power to fix fees without at the same time fixing some basis upon which the determination is to be reached. Now, if the gentleman has studied this question and thinks that we have that constitutional power, I will abide by his decision in the matter.

The Clerk read as follows:

SEC. 15. That the Secretary of Commerce may examine the business and affairs of the corporation whenever he has reason to believe that such business and affairs are being conducted in a manner (1) contrary to the provisions of this act or any other law or treaty of the United States, or of the articles of incorporation or by-laws of the corporation, or (2) detrimental to the business interests and good will of the United States. The cost of the examination shall be paid by the corporation upon the demand of the Secretary of Commerce. If the corporation fails to pay such costs upon such demand, the Secretary of Commerce may collect the amount of the costs in a civil suit against the corporation brought in the name of the United States.

Mr. BLANTON. Mr. Chairman, at this juncture I make the point that we have no quorum present.

The CHAIRMAN. The gentleman from Texas makes the point that there is no quorum present. The Chair will count.

The CHAIRMAN proceeded to count.

Mr. BLANTON. Mr. Chairman, I withdraw the point.

The CHAIRMAN. The Clerk will read.

Mr. BOWLING. Mr. Chairman, I have an amendment that I wish to offer. Page 11, line 5, after the word "or," strike out the remainder of that sentence.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Alabama.

The Clerk read as follows:

Amendment offered by Mr. BOWLING: Page 11, line 5, after the word "corporation," strike out "or (2) detrimental to the business interests and good will of the United States."

Mr. BOWLING. Mr. Chairman, it seems to me that this is an enormous power that is given to the Secretary of Commerce. Now, if it were specifically stated, it might not be too great a power or responsibility, but the mere reading of it will show that it is as indefinite and uncertain and general as words could possibly make it. Under the operation of that provision, the Secretary of Commerce could allow one company to do business and another not to do business, relying, necessarily, of course, upon the reports from subordinates. I submit that, without any limitation except the bare discretion of one officer, there should be no such authority vested in any Secretary of Commerce.

Mr. VOLSTEAD. It does seem to me that we ought to insist on leaving that power somewhere, and it seems to me, too, there is not the slightest danger of anything of the kind that the gentleman mentions.

Mr. HARDY of Texas. Will the gentleman yield for a question?

Mr. VOLSTEAD. I will.

Mr. HARDY of Texas. Have we given any such arbitrary power for the dissolution of a corporation in the United States?

Mr. VOLSTEAD. You must remember we are licensing these corporations to operate in China, where they have but few laws. We have to put the power somewhere. I do not believe we ought to give these powers to act without a restraining influence of some kind. But this is one thing I insisted on, and a number of the members of the committee insisted on, because we felt if we gave the corporation a license to do anything we should, instead of helping trade, hurt it.



Mr. HARDY of Texas. Does not that put the life and destiny of these corporations in the will of a single individual?

Mr. VOLSTEAD. No; I do not think so.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Alabama.

Mr. LONDON. Will the gentleman from Minnesota yield?

Mr. VOLSTEAD. I will.

Mr. LONDON. Now, as to the expression "good will," does that mean good repute? Is it not out of place? Or does the expression "good will of the United States"—

Mr. VOLSTEAD. That is the usual language. I am not an expert on English.

Mr. LONDON. Would you have it "good repute" or "good will"?

Mr. VOLSTEAD. We want to maintain the kindly feeling that China has toward us.

Mr. LONDON. Then it should be "good will for the United States."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. BOWLING].

The amendment was rejected.

The Clerk read as follows:

SEC. 19. That the Federal district courts shall have exclusive original jurisdiction of all suits (except as provided by the act entitled "An act creating a United States Court for China and prescribing the jurisdiction thereof," approved June 30, 1906, as amended) against a corporation, or a stockholder, director, or officer thereof in his capacity as such. Suit against the corporation may be brought in the United States Court for China, or in the district in which the cause of action arose or in which the corporation has an agent and is engaged in doing business. A Federal district court having jurisdiction of such suit is authorized to direct service of process by registered mail upon the corporation. Any judgment, order, or decree rendered by the court in any such suit shall, upon the presentation of a certified copy thereof to any other Federal district court, be enforced by such other court, as the judgment, order, or decree may require.

Mr. WOOD of Indiana and Mr. SANDERS of Indiana and Mr. BARKLEY rose.

The CHAIRMAN. The Chair will recognize the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Chairman, I offer the following amendment. I move to strike out, commencing after the word "business," in line 21, page 15, the following language:

A Federal district court having jurisdiction of such suit is authorized to direct service of process by registered mail upon the corporation.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. WOOD of Indiana: Page 15, line 21, after the word "business," strike out the words "A Federal district court having jurisdiction of such suit is authorized to direct service of process by registered mail upon the corporation."

Mr. WOOD of Indiana. The amendment that was offered by the gentleman from Arkansas [Mr. WINGO], to which a substitute was offered by the gentleman from Kentucky [Mr. BARKLEY] provides there shall be an agent established in the city of Washington, upon whom service shall be had. If that is correct, there is no reason why the same sort of service should not be had that is had in an ordinary suit and in the way now provided.

Mr. BARKLEY. I have sent an amendment to the desk providing that in suits brought in the United States, service shall be had on the agent in the District of Columbia.

Mr. VOLSTEAD. It should be broad enough to cover any suit brought in the United States or where service is attempted from China to the United States or from the United States to China. It is the custom in China to serve notice in this fashion, and if you would amend it so that it would provide that service might be on persons in China by registered mail as directed by the judge it would carry out the idea. Service might be made upon persons in China by registered mail as directed by the judge. It would carry out the idea. I notice by reading it now that it is broad. That would be the object. The custom over there is to serve notices of this class by registered mail, instead of personally, as we do in the United States, so that if the gentleman from Indiana would modify his amendment in that respect it would meet the situation.

Mr. WOOD of Indiana. If the language is stricken out, of course there could not be any modification.

Mr. VOLSTEAD. My idea was that the language should not be stricken out, but that it should be confined to service in China.

Mr. WOOD of Indiana. Well, will the gentleman offer his amendment if I withdraw mine?

Mr. VOLSTEAD. Yes.

Mr. WOOD of Indiana. Mr. Chairman, I withdraw my amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

Mr. BARKLEY. Mr. Chairman, I have an amendment which, I think, would clear the situation. I send it to the Clerk's desk.

The CHAIRMAN. The gentleman from Kentucky offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BARKLEY: Page 15, line 23, after the word "corporation," insert the following: "except that where suits are filed in the United States upon causes of action arising therein process shall be served upon the agent designated in the District of Columbia, whose designation shall be made in writing by the corporation and filed with the Secretary of Commerce."

Mr. WALSH. Mr. Chairman, this will probably provoke some discussion, and I therefore make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Massachusetts makes the point of order that there is no quorum present. The Chair will count. [After counting.] Fifty-nine gentlemen are present—not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Almon	Frear	Klecza	Reed, W. Va.
Anderson	Free	Kline, N. Y.	Riordan
Ansorge	Freeman	Knight	Rodenberg
Anthony	Erothingham	Kreider	Rossdale
Appleby	Fuller	Langley	Rouse
Blakeney	Funk	Larsen, Ga.	Rucker
Bland, Ind.	Gahn	Larson, Minn.	Schall
Britten	Gallivan	Lee, N. Y.	Siegel
Browne, Wis.	Garrett, Tex.	Linthicum	Sinclair
Burke	Gensman	Logan	Slomp
Butler	Glynn	Longworth	Snyder
Campbell, Kans.	Good	McCormick	Speaks
Campbell, Pa.	Goodykoontz	McKenzie	Steenerson
Cannon	Gorman	Mann	Stiness
Carew	Gould	Mansfield	Strong, Pa.
Chandler, N. Y.	Graham, Pa.	Mead	Sullivan
Chandler, Okla.	Griffin	Merritt	Taylor, N. J.
Clarke, N. Y.	Hadley	Michaelson	Thomas
Codd	Hawley	Mills	Timberlake
Colton	Hicks	Montague	Towner
Copley	Hogan	Morin	Treadway
Cramton	Houghton	Mott	Vestal
Crisp	Hutchinson	Newton, Minn.	Volk
Cullen	Ireland	Nolan	Ward, N. Y.
Dempsey	Jacoway	O'Brien	Ward, N. C.
Doughton	James, Va.	Overstreet	Watson
Drewry	Johnson, Miss.	Padgett	Weaver
Dupré	Johnson, S. Dak.	Parks, Ark.	Winslow
Fairchild	Johnson, Wash.	Patterson, N. J.	Wise
Fairfield	Jones, Pa.	Perkins	Woodyard
Fenn	Kahn	Perlman	Yates
Fess	Kelley, Mich.	Peters	Young
Fields	Kendall	Porter	Zihlman
Fitzgerald	Kincheloe	Pou	
Focht	Kindred	Pringle, Ala.	
Fordney	Kitchin	Rainey, Ala.	

The committee rose; and the Speaker having resumed the chair, Mr. McARTHUR, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having under consideration H. R. 4810, found itself without a quorum, whereupon the Chairman caused the roll to be called, when 287 Members, a quorum, answered to their names.

The SPEAKER. A quorum is present. The committee will resume its session.

Accordingly the committee resumed its session with Mr. McARTHUR in the chair.

Mr. GARRETT of Tennessee. Mr. Chairman, may I have the attention of the gentleman from Minnesota [Mr. VOLSTEAD] for a moment? If I understand correctly, the parliamentary situation will be this: If the consideration of this bill in Committee of the Whole is concluded and it be reported to the House and the previous question ordered, then the bill will be the unfinished business to-morrow, and a vote will be in order immediately after the reading of the Journal, or as the unfinished business. I will say to the gentleman that I have been informed that there will be a motion to recommit this bill, upon which in all probability the yeas and nays will be requested. I was wondering if we could have an understanding that if the consideration of the bill be concluded in Committee of the Whole this evening and it be reported to the House and the previous question ordered, the gentleman would then move to adjourn without asking for a roll call to-night?

Mr. VOLSTEAD. If we can reach that stage, it will be entirely satisfactory, and then I will move that the House adjourn.

Mr. BARKLEY. Mr. Chairman, I had offered an amendment which I believe was pending at the time the point of no quorum was made.

The CHAIRMAN. The committee found itself without a quorum pending the amendment of the gentleman. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. BARKLEY: Page 15, line 23, after the word "corporation" insert the following:  
"Except that where suits are filed in the United States upon causes of action arising therein, process shall be served upon the agent designated in the District of Columbia, whose designation shall be made in writing by the corporation and filed with the Secretary of Commerce."

Mr. VOLSTEAD. That amendment is satisfactory.

Mr. BARKLEY. I understand the gentleman from Minnesota accepts the amendment.

The CHAIRMAN. Without objection the amendment will be agreed to.

Mr. WALSH. Let us have a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. BARKLEY].

The question being taken, the amendment was agreed to.

The Clerk read as follows:

SEC. 22. That the following acts, including administrative and penal provisions thereof, shall extend to the acts, failures, and omissions of a corporation or the stockholders, directors, officers, employees, and agents thereof, in their capacity as such, even though such acts, failures, or omissions occur without the territorial jurisdiction of the United States:

(a) The act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914;

(b) The national prohibition act of October 28, 1919; and

(c) The act entitled "An act to provide for the registration of, with collectors of internal revenue, and to impose a special tax upon all persons who produce, import, manufacture, compound, deal in, dispense, sell, distribute, or give away opium or coca leaves, their salts, derivatives, or preparations, and for other purposes," approved December 17, 1914, as amended.

Mr. LINEBERGER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. LINEBERGER offers the following amendment: Page 17, line 20, after the figures "1919," insert "or any act supplementary or amendatory thereof."

The CHAIRMAN. The question is on the amendment of the gentleman from California.

The question being taken, on a division (demanded by Mr. LINEBERGER) there were—ayes 66, noes 10.

Accordingly the amendment was agreed to.

Mr. SANDERS of Indiana. Mr. Chairman, I move to amend on page 17, line 11, by striking out the word "a" and inserting in lieu thereof the word "such."

The CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. SANDERS of Indiana offers the following amendment: Page 17, line 11, strike out "a" where it occurs after the word "of" and insert in lieu thereof the word "such."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. STEVENSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. STEVENSON offers the following amendment: Page 18, after line 2, insert a paragraph as follows:

"(d) Also the act known as the Clayton Antitrust Act."

Mr. VOLSTEAD. We have no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina.

The question was taken, and the amendment was agreed to.

Mr. GARRETT of Tennessee. Mr. Chairman, I believe I will offer the amendment I have referred to at this point.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 18, after line 2, insert a new section as follows:

"The shares of stock in any corporation organized under the provisions of this act shall be subject to tax as the personal property of the owner or holder thereof in the same manner and to the same extent as the shares of stock in State corporations."

Mr. WALSH. Will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. WALSH. What does the gentleman mean by State corporations?

Mr. GARRETT of Tennessee. I am using exactly the language of the Edge Act. It means stock in State corporations.

Mr. WALSH. The gentleman means the Edge Act that refers to foreign banking?

Mr. GARRETT of Tennessee. Yes.

Mr. WALSH. That term as used in the Edge Act only applies to State corporations doing a banking business.

Mr. GARRETT of Tennessee. It said similar corporations, but I did not use that expression, because there are no similar corporations to those incorporated under the laws of any State. My thought is that it would render it like stock in any other industrial corporation of a State.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The question was taken, and the amendment was agreed to.

Mr. MOORES of Indiana. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORES of Indiana: Page 17, line 9, strike out section 22 and insert in lieu thereof:

"Sec. 22. Every such corporation shall make such reports to the Federal Trade Commission and submit to such examinations as are required by law of corporations organized under the laws of the several States."

"No such corporation shall engage in the manufacture or sale of intoxicating liquors, nor shall it manufacture or deal in opium or coca leaves, or any product or derivative thereof."

Mr. GARRETT of Tennessee. Mr. Chairman, I reserve a point of order against the amendment on the ground that it is too late, that that section has been passed and a new section has been adopted. However, I do not care to press the point of order unless the chairman—

Mr. VOLSTEAD. I will make the point of order at this time.

The CHAIRMAN. The gentleman from Minnesota makes the point of order.

Mr. MOORES of Indiana. I concede that the point is well taken if the gentleman wants to make it.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

SEC. 23. (a) That section 231 of the revenue act of 1918 is amended by striking out the period at the end thereof, inserting in lieu thereof a semicolon, and adding a new subdivision to read as follows:

"(15) A corporation organized under the China trade act, 1921, but only if and with respect to any taxable year for which (a) it files a return at the time and place provided in section 241, made in the manner provided in section 239, and containing such information as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation prescribe; (b) it declares dividends during the taxable year in an amount equal to one-third of its net income the payment of which not later than 60 days after the close of such taxable year is assured in such manner as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may require; (c) it derives less than 5 per cent of its gross income from sources within the United States; and (d) the Secretary of Commerce certifies to the Commissioner of Internal Revenue that during the taxable year the corporation in all respects has complied with the provisions of the China trade act, 1921, and regulations made thereunder. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make all regulations necessary for the determination of such exemption and of the liability of shareholders or members to taxation in respect to dividends paid by such corporation."

(b) Section 1 of the revenue act of 1918 is amended by adding at the end thereof a new paragraph to read as follows:

"A corporation organized under the China trade act, 1921, shall for the purposes of this act be considered a domestic corporation."

(c) Sections 232, 233, and 234 of the revenue act of 1918 are amended by inserting in each of such sections, after the words "corporation subject to the tax imposed by section 230," the words "or organized under the China trade act, 1921."

(d) Section 240 of the revenue act of 1918 is amended by adding at the end thereof a new subdivision to read as follows:

"(d) A corporation organized under the China trade act, 1921, shall not be deemed to be affiliated with any other corporation within the meaning of this section."

(e) Section 254 of the revenue act of 1918 is amended to read as follows:

"Sec. 254. That every corporation subject to the tax imposed by this title every personal service corporation, and every corporation organized under the China trade act, 1921, shall, when required by the commissioner, render a correct return, duly verified under oath, of its payments of dividends, stating the name and address of each stockholder, the number of shares owned by him, and the amount of dividends paid to him."

Mr. CABLE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 18, line 3, strike out section 23.

Mr. CABLE. Mr. Chairman, I desire to call the attention of the committee to the fact that the purpose of this bill is to give needed urgent relief to American merchants engaged in developing the American foreign trade with the Republic of China. The object of the bill is to grant this aid by exempting such corporations from excess profits and other taxes. An examination of the bill shows that it does not exempt any such corporation from the excess-profits tax, but it does exempt them from the ordinary tax in case the corporation derives less than 5 per cent of its gross income from sources within the United States and declares dividends during the taxable year in an amount equal to one-third of its net income the payment of which is assured not later than 60 days after the close of a taxable year. Section 23 of this proposed bill amends section 231 of the revenue act of 1918, so said section 231 applies to corporations organized under the act in question. Section 231 exempts



corporations "from taxation under this title." "This title" refers to ordinary corporation income tax and not to any other tax. This bill does not exempt a corporation from excess-profits tax, as such exemption is derived from title 3 of the revenue act of 1918, and neither does it exempt the corporation from the excise tax under title 9 of the act, nor the special tax on domestic and foreign corporations under title 10 of the act or the stamp tax under title 11 of the act. Therefore the bill fails in the very purpose for which it is being enacted, namely, it fails to exempt such proposed corporations from the taxes its foreign competing corporations do not pay to their respective governments. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. BEGG. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BEGG: Page 19, at the end of line 4, after the word "corporation," strike out the period and insert "but all dividends paid by such corporations to shareholders or members who are citizens of the United States shall be subject to all taxes that are assessable against dividends of similar corporations deriving their total incomes from business transactions wholly within the United States."

Mr. BEGG. Mr. Chairman, the only thing that I care to say on this is that I wish to safeguard what I think is a weakness in the bill. Early in the session to-day I called attention to the fact that there seems to be an ambiguity of language in lines 3 and 4. I took up my amendment with the chairman of the committee and he said that he could see no objection to it. If this amendment be adopted, I know that the man who derives an income from an investment in a corporation operating in China will be liable for the same amount of taxes as if his income is from a corporation anywhere within the confines of the United States. By exempting his income you are in no way contributing to the success of the corporation. It is all right to exempt the corporation, but not the individual's income from income tax. Even if the bill does not do what I suspect it will do, no damage will be done by agreeing to this amendment, because it is but a recital of the fact that dividends derived from such an institution as this shall be liable for the same taxes assessable against dividends derived from a corporation doing business wholly within the territory of the United States.

Mr. VOLSTEAD. Mr. Chairman, I have no objection to adopting a principle of that kind, but my understanding is that the amendment offered by the gentleman from Tennessee [Mr. GARRETT] already covers the same subject.

Mr. BEGG. If I understand the amendment of the gentleman from Tennessee, it is to permit the State to levy a tax on a corporation if it wants to.

Mr. GARRETT of Tennessee. It is to permit the State to levy a tax on the shares owned by individuals.

Mr. BEGG. That is what I mean. What I am trying to do is to preclude any possibility of a man getting exemption from the income tax.

Mr. VOLSTEAD. Then I care nothing about it.

Mr. GREEN of Iowa. But this whole bill refers to the corporation and not to individuals.

Mr. BEGG. On page 19 it refers to the liability of individuals.

Mr. VOLSTEAD. There is no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was agreed to.

Mr. ROSENBLOOM. Mr. Chairman, I offer the amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ROSENBLOOM: Page 18, line 20, after the word "income," strike out the words "from sources" and insert in lieu thereof the words "from business conducted."

Mr. ROSENBLOOM. Mr. Chairman, the purpose of this amendment is to modify the language used in this subsection, which, in my opinion, is the most important subsection of the entire bill, and to properly designate what class of business shall be encouraged by the exemption that is given from general taxation. The language as used in the bill is very ambiguous, to say the least. When you come to interpret—

Five per cent of the gross income from sources within the United States—

would that not be construed that it meant the source of the income which might happen to be in China, in the development of an oil property or an iron-ore property, and that the source of the income is the earnings made by American citizens on their holdings in companies operated in China and shipping their crude materials back into the United States, and that that would be exempt under this bill?

Now, my idea of the purpose of this act is that it is to encourage our export business. It is primarily designed to encourage our exports to go to China, and, of course, to increase our manufactures here to the extent of supplying the demands of China and to give them an opportunity to compete with other manufacturers of different countries with whom they come in competition, but by the way in which the bill is drawn with the power that is vested in the Secretary of Commerce corporations operating under this act with one of these charters can just as readily ship back into the United States these crude materials under their charter and receive the same exemption. If the appellate power, or the Commissioner of Internal Revenue, or the Secretary of Commerce, would hold that other sources as used in the paragraph meant the sources from which the income was derived and not the sources of the income from the place of business in which the business was conducted, I merely present the amendment for the purpose of clarifying that section, and saying to the authorities that will finally construe that language that it was the intention of this body only to exempt such manufactures or products as had been sent abroad and which are taxed on the profits derived from the exports from China.

Mr. VOLSTEAD. Mr. Chairman, I am clearly of the opinion that this amendment ought not to be adopted. There are many sources of income. For instance, corporations may have a lot of claims on which they draw interest or they may own property from which they get rents. We ought to count every source of income in figuring the 5 per cent. I feel we ought not to adopt this amendment.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was rejected.

The Clerk resumed and concluded the reading of the bill.

Mr. VOLSTEAD. Mr. Chairman, I move that the committee do now rise and report the bill with amendments to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed.

Accordingly the committee rose, and the Speaker resumed the chair.

Mr. McARTHUR. Mr. Speaker—

Mr. HERRICK. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The gentleman from Oklahoma moves that the House do now adjourn.

The question was taken, and the motion was rejected.

Mr. McARTHUR. Mr. Speaker, the Committee of the Whole House, having had under consideration the bill H. R. 4810, directs me to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. VOLSTEAD. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

#### ENROLLED BILL SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 2185. An act providing for a "Pageant of Progress Exposition" cancellation stamp to be used by the Chicago post office.

#### SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee as indicated below:

S. 535. An act to prevent the unauthorized landing of submarine cables in the United States; to the Committee on Interstate and Foreign Commerce.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. ALMON, for the day, on account of illness.

To Mr. HICKS, for a day, on account of important business.

#### EXTENSION OF REMARKS.

Mr. McFADDEN. Mr. Speaker, I ask leave to extend my remarks in the Record on a bill I have introduced affecting the gold reserve.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks on a bill he has introduced affecting the gold reserve.

Mr. GARRETT of Tennessee. Mr. Speaker, is that the matter to which the gentleman from Oklahoma objected yesterday afternoon?

Mr. McFADDEN. It is.

Mr. GARRETT of Tennessee. Has the gentleman spoken to the gentleman from Oklahoma?

Mr. McFADDEN. I have.

Mr. GARRETT of Tennessee. Is it agreeable to him?

Mr. McFADDEN. Well, he said that if I brought it up at some time when he was not here it was perfectly satisfactory.

Mr. GARRETT of Tennessee. Mr. Speaker, I shall have to object.

#### ADJOURNMENT.

Mr. VOLSTEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 6 minutes p. m.) the House adjourned until to-morrow, Thursday, April 28, 1921, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

81. A letter from the Secretary of the Treasury, transmitting supplemental estimates of appropriations, in the sum of \$151,000, required by the Department of the Interior for printing and binding, fiscal year 1921 (H. Doc. No. 53); to the Committee on Appropriations, and ordered to be printed.

82. A letter from the Secretary of the Treasury, transmitting supplemental estimate of appropriation, in the sum of \$10,000, required by the Department of the Interior for furniture and filing cases for the Patent Office, fiscal year 1922 (H. Doc. No. 54); to the Committee on Appropriations, and ordered to be printed.

83. A letter from the Secretary of the Treasury, transmitting supplemental estimate of appropriation, in the sum of \$10,156, required by the Department of the Interior for the protection of the so-called Oregon & California Railroad lands and Coos Bay wagon road lands, General Land Office, fiscal year 1921 (H. Doc. No. 55); to the Committee on Appropriations, and ordered to be printed.

84. A letter from the Doorkeeper of the House of Representatives, transmitting list of property in his charge in the Capitol and House Office Building.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. HICKEY, from the Committee on the Judiciary, to which was referred the bill (H. R. 3205) to amend an act entitled "An act making appropriations for the sundry civil expenses of the Government for the fiscal year ending June 30, 1922, and for other purposes," approved March 4, 1921, reported the same without amendment, accompanied by a report (No. 25), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. KINKAID, from the Committee on Irrigation of Arid Lands, to which was referred the joint resolution (H. J. Res. 52) to authorize the Secretary of the Interior, in his discretion, to furnish water to applicants and entrymen in arrears for more than one calendar year of payment for maintenance or construction charges, notwithstanding the provisions of section 6 of the act of August 13, 1914, reported the same without amendment, accompanied by a report (No. 26), which said joint resolution and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. APPLEBY: A bill (H. R. 5338) authorizing the issuing of a 23-cent coin to be known as the Roosevelt coin, and providing for the coinage of the same; to the Committee on Coinage, Weights, and Measures.

Also, a bill (H. R. 5339) authorizing the erection of a Federal building at Red Bank, Monmouth County, N. J., for the accommodation of the United States post office; to the Committee on Public Buildings and Grounds.

By Mr. LINEBERGER: A bill (H. R. 5340) to permit the purchase of subsistence stores; to the Committee on Military Affairs.

By Mr. SNYDER: A bill (H. R. 5341) for the relief and jurisdiction of the Pueblo Indians of New Mexico; to the Committee on Indian Affairs.

Also, a bill (H. R. 5342) transferring all jurisdiction or control heretofore vested or exercised by the Federal Government over the Indians of the State of New York to that State with the exception of certain annuities; to the Committee on Indian Affairs.

By Mr. TAYLOR of Tennessee: A bill (H. R. 5343) for the regulation of persons, firms, or corporations engaged in the transmission of intelligence between and among the different States and Territories of the United States; to the Committee on the Judiciary.

By Mr. WHITE of Kansas: A bill (H. R. 5344) to provide for the erection of a Federal building at Hays, Kans.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 5345) to provide for the erection of a Federal building at Norton, Kans.; to the Committee on Public Buildings and Grounds.

By Mr. JOHNSON of Washington: A bill (H. R. 5346) to reorganize and change the title of the Bureau of Naturalization of the Department of Labor and to create in its stead a bureau authorized to provide for the guidance, protection, and better economic distribution and adjustment of our alien population, such bureau to be known as the bureau of citizenship, and to amend the act entitled "An act to establish the Bureau of Immigration and Naturalization and to provide a uniform rule for the naturalization of aliens throughout the United States," approved June 29, 1906, as amended, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. CLARK of Florida: A bill (H. R. 5347) to prohibit the intermarriage of persons of the white and Negro races within the District of Columbia; to declare such contracts of marriage null and void; to prescribe punishments for violations and attempts to violate its provisions; to the Committee on the District of Columbia.

By Mr. EDMONDS: A bill (H. R. 5348) to amend sections 17 and 19 of the merchant marine act, 1920; to the Committee on the Merchant Marine and Fisheries.

Also, a bill (H. R. 5349) to amend the act authorizing the Secretary of the Navy to settle claims for damages to private property arising from collisions with naval vessels; to the Committee on Claims.

By Mr. FOCHT: A bill (H. R. 5350) to authorize the Commissioners of the District of Columbia to close streets, roads, or highways in the District of Columbia rendered useless or unnecessary by reason of the opening, extension, widening, or straightening of other streets, roads, or highways, and for other purposes; to the Committee on the District of Columbia.

By Mr. MILLS: A bill (H. R. 5351) to amend section 24 and section 256 of the Judicial Code; to the Committee on the Judiciary.

Also, a bill (H. R. 5352) to provide compensation for seamen injured and the dependents of seamen killed in the course of employment, to create a Federal seamen's insurance fund, and for other purposes; to the Committee on the Merchant Marine and Fisheries.

By Mr. BEGG: A bill (H. R. 5353) for the relief of retired commissioned and warrant officers of the United States Navy and Marine Corps; to the Committee on Naval Affairs.

By Mr. WILSON: A bill (H. R. 5354) to provide soldiers, sailors, and marines with capital for agricultural development, and for other purposes; to the Committee on Ways and Means.

By Mr. EDMONDS: A bill (H. R. 5355) amending the prohibition act; to the Committee on the Merchant Marine and Fisheries.

By Mr. GENSMAN: A bill (H. R. 5356) for the relief of the Cheyenne and Arapahoe Tribes of Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. PORTER: A bill (H. R. 5357) providing for an appropriation for the purpose of making examinations, investigations, and surveys, and preparing plans and estimates of cost for regulating the stream flow and controlling the flood waters of the Allegheny and Monongahela Rivers and their tributaries; to the Committee on Flood Control.

By Mr. TINKHAM: A bill (H. R. 5358) to provide allowances for mothers with children under 16 dependent upon them for support in the District of Columbia; to the Committee on the District of Columbia.

By Mr. GARRETT of Tennessee: A bill (H. R. 5359) to amend an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; to the Committee on the Judiciary.

Also, a bill (H. R. 5360) to regulate dealing in leaf tobacco; to the Committee on Ways and Means.

By Mr. McFADDEN: A bill (H. R. 5361) to amend sections 404, 406, and 407 of Title IV of the revenue act of 1918; to the Committee on Ways and Means.



By Mr. FLOOD: A bill (H. R. 5362) authorizing and directing the Interstate Commerce Commission to issue mileage books of not less than 1,000 miles and at a reduction of 33½ per cent from the established rate; to the Committee on Interstate and Foreign Commerce.

By Mr. CHALMERS: A bill (H. R. 5363) authorizing the Secretary of War to loan tents; to the Committee on Military Affairs.

By Mr. RADCLIFFE: A bill (H. R. 5364) fixing the compensation of certain officials of the Customs Service; to the Committee on Ways and Means.

By Mr. WEBSTER: A bill (H. R. 5418) to authorize the payment of certain taxes to Stevens and Ferry Counties, in the State of Washington, and for other purposes; to the Committee on Indian Affairs.

By Mr. KAHN: Joint resolution (H. J. Res. 87) authorizing transportation for dependents of Army field clerks and field clerks, Quartermaster Corps; to the Committee on Military Affairs.

By Mr. PARKS of Arkansas: Joint resolution (H. J. Res. 88) for the relief of the destitute sufferers from storm in the State of Arkansas and other States; to the Committee on Appropriations.

By Mr. RYAN: Joint resolution (H. J. Res. 89) for the recognition of the republic of Ireland by the Government of the United States; to the Committee on Foreign Affairs.

By Mr. FISH: Concurrent resolution (H. Con. Res. 14) regarding withdrawal from Europe of American troops stationed in the occupied area of Germany; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BANKHEAD: A bill (H. R. 5365) granting a pension to Malinda A. Robinson; to the Committee on Invalid Pensions.

By Mr. BRINSON: A bill (H. R. 5366) granting a pension to Jacob J. King; to the Committee on Pensions.

By Mr. BYRNS of Tennessee: A bill (H. R. 5367) for the relief of Drum Major John Sullivan, retired; to the Committee on Military Affairs.

By Mr. CAREW: A bill (H. R. 5368) to compensate the owners of the American steamship *Vindal* for damages and expenses in repairing the said steamship, and to make an appropriation therefor; to the Committee on War Claims.

Also, a bill (H. R. 5339) to compensate the owners of the steamship *Brynild* for damages and expenses in repairing the said steamship, and to make an appropriation therefor; to the Committee on War Claims.

By Mr. CHALMERS: A bill (H. R. 5370) granting an increase of pension to Lizzette Hichborn; to the Committee on Invalid Pensions.

By Mr. CRISP: A bill (H. R. 5371) granting an increase of pension to Isaac Butler; to the Committee on Pensions.

By Mr. DUNBAR: A bill (H. R. 5372) for the relief of Lillian Munz; to the Committee on Claims.

By Mr. FISH: A bill (H. R. 5373) authorizing the Secretary of War to donate to the city of Middletown, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5374) authorizing the Secretary of War to donate to the city of Port Jervis, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5375) authorizing the Secretary of War to donate to State Museum, Washington's headquarters, Newburgh, Orange County, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5376) authorizing the Secretary of War to donate to the city of Poughkeepsie, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5377) authorizing the Secretary of War to donate to the town of Carmel, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5378) authorizing the Secretary of War to donate to the town of Goshen, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5379) authorizing the Secretary of War to donate to the city of Beacon, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. FROTHINGHAM: A bill (H. R. 5380) to carry out the findings of the Court of Claims in the case of the Fore River Shipbuilding Co.; to the Committee on Claims.

By Mr. FULLER: A bill (H. R. 5381) granting an increase of pension to Lizzie M. Worster; to the Committee on Pensions.

By Mr. HILL: A bill (H. R. 5382) for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.; to the Committee on Claims.

By Mr. HUDDLESTON: A bill (H. R. 5383) to reimburse Hugh T. Caffey, postmaster at Leeds, Ala., for money and stamps stolen from said post office at Leeds, Ala., and repaid by him to the Post Office Department; to the Committee on Claims.

By Mr. JOHNSON of Kentucky: A bill (H. R. 5384) authorizing the Secretary of War to donate to the town of Horse Cave, State of Kentucky, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. KELLEY of Michigan: A bill (H. R. 5385) for the relief of Henry T. Hill; to the Committee on Military Affairs.

By Mr. KINKAID: A bill (H. R. 5386) granting a pension to Ellen Maniax; to the Committee on Invalid Pensions.

By Mr. McARTHUR: A bill (H. R. 5387) to restore Herbert S. Ward to the rank of master engineer, junior grade; to the Committee on Military Affairs.

By Mr. MacGREGOR: A bill (H. R. 5388) for the relief of Nathan D. Wilbur; to the Committee on Military Affairs.

Also, a bill (H. R. 5389) granting a pension to Anna Belle Stevens; to the Committee on Pensions.

By Mr. MAPES: A bill (H. R. 5390) granting a pension to Nancy A. Southwell; to the Committee on Invalid Pensions.

By Mr. MEAD: A bill (H. R. 5391) authorizing the Secretary of War to donate to the city of Eden, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5392) authorizing the Secretary of War to donate to the city of Gowanda, State of New York, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. MERRITT: A bill (H. R. 5393) for the relief of George Rutherford; to the Committee on Military Affairs.

By Mr. NEWTON of Missouri: A bill (H. R. 5394) for the relief of Philip Osburg; to the Committee on Claims.

Also, a bill (H. R. 5395) for the relief of Lena Schmieder; to the Committee on Claims.

Also, a bill (H. R. 5396) for the relief of Walter E. Holden; to the Committee on Claims.

By Mr. OLDFIELD: A bill (H. R. 5397) authorizing the Secretary of War to donate to the city of Mountain View, State of Arkansas, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. PADGETT: A bill (H. R. 5398) granting an increase of pension to Wade Bledsoe; to the Committee on Pensions.

By Mr. PAIGE: A bill (H. R. 5399) granting a pension to William O. Taylor; to the Committee on Pensions.

By Mr. PARKS of Arkansas: A bill (H. R. 5400) granting a pension to John R. Wright; to the Committee on Pensions.

By Mr. PURNELL: A bill (H. R. 5401) to pay John E. Bolden for services rendered the United States Army from April 4, 1865, to and including July 15, 1865; to the Committee on War Claims.

By Mr. REAVIS: A bill (H. R. 5402) granting a pension to John R. Ward; to the Committee on Pensions.

Also, a bill (H. R. 5403) for the relief of George P. Sterling; to the Committee on Military Affairs.

By Mr. RHODES: A bill (H. R. 5404) for the relief of G. C. Vandover; to the Committee on Claims.

By Mr. STEENERSON: A bill (H. R. 5405) authorizing the Secretary of War to donate to the village of Fisher, State of Minnesota, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5406) authorizing the Secretary of War to donate to the village of Roosevelt, State of Minnesota, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. STEPHENS: A bill (H. R. 5407) granting a pension to Christine Siehl; to the Committee on Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 5408) granting a pension to Robert D. Wilson; to the Committee on Invalid Pensions.

By Mr. SMITH: A bill (H. R. 5409) granting an increase of pension to Fred Stanley; to the Committee on Pensions.

By Mr. TEMPLE: A bill (H. R. 5410) granting a pension to Lina A. Breckenridge; to the Committee on Invalid Pensions.

By Mr. TEN EYCK: A bill (H. R. 5411) authorizing the Secretary of War to donate to State Armory at Troy, N. Y., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 5412) for the relief of John J. Dooley; to the Committee on Military Affairs.

Also, a bill (H. R. 5413) for the relief of Martin W. Joralemon, alias Martin Whitbeck; to the Committee on Military Affairs.

Also, a bill (H. R. 5414) for the relief of James Birney, alias James Brady; to the Committee on Military Affairs.

Also, a bill (H. R. 5415) for the relief of Henry C. Romaine; to the Committee on Military Affairs.

By Mr. TINKHAM: A bill (H. R. 5416) granting an increase of pension to William J. Barrett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 5417) granting a pension to John Burke; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

334. By Mr. APPLEBY: Petition of citizens of towns of New Jersey, praying for the repeal of the 10 per cent tax on yachts; to the Committee on Ways and Means.

335. By Mr. CAREW: Petition of Jacob Ruppert, president, and the Peter Doelger Brewing Co., of New York, urging the repeal of the internal-revenue tax on cereal beverages, etc.; to the Committee on Ways and Means.

336. By Mr. GALLIVAN: Petitions of John T. Connor Co., Jays (Inc.), and F. C. Henderson Co., all of Boston, Mass., relative to the sales tax; also, petitions of the Perry Buxton Doane Co., Lockwood, Brackett & Co., and Schmitz & Guild (Inc.), all of Boston, Mass., relative to proposed duty on certain commodities; to the Committee on Ways and Means.

337. By Mr. KISSELL: Petition of Obermayer & Liebman, New York, urging the repeal of the internal-revenue tax on cereal beverages, etc.; to the Committee on Ways and Means.

338. By Mr. KLECZKA: Petition of 38 citizens of South Milwaukee, urging amendment of prohibition enforcement law to permit the manufacture and sale of beer and light wines; to the Committee on the Judiciary.

339. By Mr. MacGREGOR: Petition of Local No. 76, National Brotherhood of Operative Potters, urging the adoption of a protective tariff on pottery; to the Committee on Ways and Means.

340. Also, petition of the East Buffalo New York Brewing Co., Buffalo, N. Y., urging the repeal of the internal-revenue tax on cereal beverages, etc.; to the Committee on Ways and Means.

341. By Mr. MAGEE: Petitions of the George Zett Brewery and Bartels Brewery Co., of Syracuse, N. Y., in favor of repeal of internal-revenue tax on cereal beverages; to the Committee on Ways and Means.

342. By Mr. MEAD: Petition of the American Association of Mexico, New York City, relative to the Mexican situation; to the Committee on Foreign Affairs.

343. By Mr. RAKER: Resolution of the Claremont Chapter, Claremont, Los Angeles County, Calif., Daughters of the American Revolution, urging support of a bill known as the Daughters of the American Revolution old trails act; to the Committee on Roads.

344. Also, petition of Mrs. Bertha Seimears, of Glendora, Calif., protesting against the Fess-Capper educational bill and all other physical education bills; to the Committee on Education.

345. Also, letter from the Music Trades Association of Southern California, urging the repeal of the excise tax on the major part of the products used in the music trade; also, letter from the Hudson Bay Fur Co., of San Francisco, Calif., urging the repeal of the excise tax of 10 per cent imposed upon all articles manufactured by fur companies; also, letter from C. Richard Knapp, of Grass Valley, Calif., protesting against the present stamp tax on proprietary drugs and toilet preparations; also, resolution adopted by the Motor Car Dealers' Division of the Alameda County Automobile Trade Association, of Oakland, Calif., urging legislation to protect the automobile industry from the dumping of salvaged war equipment in this country; to the Committee on Ways and Means.

345½. Also, petition of Tuolumne Tribe, No. 247, Independent Order of Red Men, indorsing legislation for the enlargement of Federal arsenal at Benicia, Calif.; to the Committee on Appropriations.

346. Also, petition of George S. Tappan and others, of Pleasant Valley, via Placerville, Calif., urging that Congress grant amnesty with restored rights to all political prisoners; to the Committee on the Judiciary.

346½. Also, nine resolutions adopted by the third annual international mining convention, assembled at Portland, Oreg., and by special convention of the United States delegates to such convention, relative to measures for the benefit of the mining industry; to the Committee on Mines and Mining.

347. By Mr. RYAN: Petition of citizens of the thirteenth district, New York, praying for the recognition of the Irish republic, etc.; to the Committee on Foreign Affairs.

348. Also, petition of citizens of New York City, urging Congress to stop crime in Ireland and for the recognition of the Irish republic; to the Committee on Foreign Affairs.

349. By Mr. SANDERS of New York: Petition of the Ruling Masters' Association of 1921, the Masonic lodges of Rochester, N. Y., indorsing and urging the introduction and passage of such measures as will remedy the present conditions in the care of our disabled soldiers; to the Committee on Interstate and Foreign Commerce.

350. By Mr. SNYDER: Petition of the Eagle Brewing Co., Utica, N. Y., urging the repeal of the internal-revenue tax on cereal beverages, etc.; to the Committee on Ways and Means.

351. By Mr. SPEAKS: Papers to accompany House bill 5318 for the relief of George W. Allison; to the Committee on Claims.

352. By Mr. TEMPLE: Petition of A. M. Eckstein, manager, Forbes, 1115 Chestnut Street, Philadelphia, Pa., protesting against excise tax on the fur industry under title 9, subdivision 19, revenue law 1918, and supporting the adoption of a gross sales or turnover tax; to the Committee on Ways and Means.

353. Also, petition of First Lieut. Francis H. Smith, Reserve Corps, Pittsburgh, Pa., favoring an increase in the appropriations allowing a reserve officer four months or longer active duty upon his request in lieu of 14 days; to the Committee on Military Affairs.

354. Also, petition of the New Castle Reading Circle, New Castle, Pa., protesting against the enactment of the Walsh bill having in view the damming of the Yellowstone Lake; to the Committee on the Public Lands.

355. By Mr. YATES: Petition of Austin North End Woman's Club, by Mrs. Ida E. Morey, Chicago, Ill., opposing House bill 345.

#### SENATE.

THURSDAY, April 28, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we thank Thee for the revelation of Thyself in nature. So do the Heavens declare Thy glory and the firmament showeth Thy handiwork. But we thank Thee for the nearer and more precious revelation in the person of Thy Son and His work, and pray that our hearts may be always conscious of His infinite nearness, His helpfulness, His sufficiency in all our needs, our perplexities and responsibilities. We humbly ask in His Name. Amen.

The Vice President being absent, the President pro tempore took the chair.

The reading clerk proceeded to read the Journal of yesterday's proceedings when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### CORRECTION—TREATMENT OF EX-SERVICE MEN.

Mr. POMERENE. Mr. President, I desire to make a correction.

On yesterday, in the course of a very interesting discussion by the distinguished junior Senator from Massachusetts [Mr. WALSH] of the serious conditions existing in some of the public hospitals, I used this language:

I agree with him—

The Senator from Massachusetts [Mr. WALSH]—

that there ought to be this investigation, but we have connected with the Army an inspection service as well as the Public Health Service, and it would seem to me that there has been serious neglect not only on the part of the Health Service but on the part of the inspection service.

I have been informed by Maj. Gen. John L. Chamberlain, who is the Inspector General of the Army, that they have no connection whatever with the Public Health Service, and therefore would have no jurisdiction. My statement necessarily involved that department somewhat, and I am sorry that the mistake was made. I think this correction is due to the Inspector General's service.

#### PRODUCTION, MILLING, AND MARKETING OF RICE.

Mr. ROBINSON. Mr. President, some days ago I introduced a resolution (S. Res. 56) providing for an investigation of conditions, surrounding the production and marketing of agricultural products, particularly rice. This morning I have